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West Europe Report

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WEST EUROPE REPORT

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INCREASING DISTANCE BETWEEN COALITION PARTIES SEEN

Vienna DIE PRESSE in German 10 Jan 86 p 3

[Article by Hans Werner Scheidl: "Strains in Red-and-Blue Marriage"]

[Text] Exactly when it will be only one man knows and he is not talking. But it does appear to be virtually certain that Friedrich Peter will clean out his desk sometime this February and wind up his 30-year political career. "Old Fritz" will be retiring and when he does he will be the second key figure (in addition to Bruno Kreisky) to depart the scene who fashioned Austria's small coalition. The heirs of that agreement, concluded in 1983, will remain on stage--the only question is for how long.

It was more than mere expediency which made the two vastly different politicians join forces almost 3 years ago. In terms of sheer numbers, the FPOe might just as well have linked up with the OeVP which, for that matter, had emerged as the only winner of the 1983 election. But they had spent too many years together in the opposition to join hands. Animosities between christian socialists and German nationalists dating back to the era between the wars played a role as did Peter's personal debt of gratitude to Kreisky following the Wiesenthal affair.

And so the FPOe, formerly in the opposition, switched sides and has been playing a schizophrenic role since. In parliament, they spoke out vociferously on behalf of socialist members of the cabinet without any perceptible qualms and at times their excessive loyalty to big brother was almost ludicrous in its intensity.

But ever since the emergence of the VOEST crisis, the two unequal partners have been keeping their distance. The first FPOe politician publicly to vent his concern was General Secretary Grabher-Meyer (who has something of a weakness for the unconventional). He left Minister for Nationalized Industries, Lacius, "out in the cold" which made the latter very unhappy. Some observers believe that this was one way of the FPOe's getting even for an event which made all of Austria hold its breath exactly a year ago when Lacina (then still a state secretary) threatened his party chief and head of government Sinowatz with quitting unless Friedhelm Frischenschlager was requested to leave the government on account of the Reder affair. The dispute was on the razor's edge and it was only the heads of the two parties (SPOe and FPOe) who jointly managed to keep things from boiling over.

What the general secretary said did represent the widely held view within FPOe ranks. What is more, the liberal economic wing of the party was seriously debating whether the time had not come to quit the coalition. By taking the necessary consequences, so the argument ran, the party might distance itself from the goings-on in the nationalized industries and make some points among the voters to boot. Of course that was only part of the story. The tactical consideration of upsetting the Greens' plans for the upcoming elections in the spring of 1986 was at least as important. The citizens initiative concerning the parliament has not progressed far enough to have had countrywide repercussions. This made the FPOe think that it might do fairly well in the elections themselves. The Carinthian seat was safe under any circumstances but in the absence of Green fraction the FPOe would have done well in terms of numbers as well.

In the end the FPOe did not quit the coalition as the FPOe members of the cabinet won out with their argument that things might well change prior to the general elections in 1987. If the FPOe were to quit the coalition prematurely, the voters might view this as an admission of failure.

There is a second reason why the red-and-blue coalition remained intact: fear of a surprise great coalition has receded somewhat once again. The harsh and incessant OeVP attacks against the government make it appear unlikely for the time being that the two big parties might join hands. Rarely has there been less common ground between the two camps and between the two party chiefs, Sinowatz and Mock, than there is today. That Mock and Steger do not get along either has been known for some time--but that is a situation with which all concerned can live fairly well.

9478
CSO: 3620/217

FOLKETING UNANIMOUS ON AFGHANISTAN RESOLUTION, AID

Copenhagen BERLINGSKE TIDENDE in Danish 17 Jan 86 p 7

[Article: "Agreement on Increased Danish Aid to Afghanistan"]

> [Text] With seldom-seen unanimity, Parliament voted yesterday 101 to 0 to request the government to seek in every way possible a political solution in Afghanistan and to increase humanitarian assistance to the occupied country.

The war in Afghanistan must not become "the forgotten war"--as several spokesmen called it in Parliament--where nine parties supported a foreign policy bill.

It was stated during the debate that health conditions in the country--which has been ravaged by war since 1979--now are so bad that approximately 300 of every 1,000 newborn babies die immediately.

During the years 1980-85, Denmark has offered 61.6 million kroner to the war victims. The government promises to increase the appropriations substantially, particularly to help the enormous refugee camps in Afghanistan's neighboring countries. Strong words were used by all the spokesmen concerning the conditions in the West Asian country.

Foreign Minister Uffe Ellemann-Jensen (Liberal) asserted that the Soviets have changed their tactics in recent years: the objective now is to drive the civilian population out of rural areas in order to be able to deprive the resistance movement of its foundations. He rejected the rumors in the international press that there is a concrete schedule for withdrawal of Soviet troops. In contrast, it is thought that the efforts over the years for negotiations which might lead to a political solution have led to "certain progress."

Viggo Fischer (Conservative) sought extraordinary pressure against the Soviets and said that aside from the horrors of the Pol Pot regime, there has not been a corresponding regime of violence since the Second World War.

Bjorn Elmquist (Liberal) expressed hope that the developments in Afghanistan would make superfluous the Danish political demonstrations in favor of withdrawal such as took place on 27 December in front of the Soviet embassy.

Lasse Budtz (Center Party) drew a comparison between the Soviet position in Afghanistan and the relationship which the American government has in countries in Central America in providing assistance for the non-communist rebels' fight for freedom. "There cannot be one set of rules for one part of the world and another set for a different part," Budtz remarked.

The foreign minister replied that conditions in Central America cannot be compared with Afghanistan.

12578
CSO: 3613/63

SOCIALIST PEOPLE'S PARTY SEEN EASING OPPOSITION TO NATO, DEFENSE

Copenhagen INFORMATION in Danish 3 Jan 86 p 4

[Article: "Socialist People's Party to Compromise on Defense"]

[Text] Both chairman and vice-chairman prepare for resolution of internal conflict concerning defense.

SF [Socialist People's Party] likely will escape the internal commotion concerning defense policies which otherwise would have confronted the party's national convention in May.

/Practically speaking,/ there have been no changes in the major defense policy themes among which members of SF will choose. This appears in the January issue of the membership newspaper, FOLKESOCIALISTEN, which will be appearing soon.

Irrespective of whether the proposal of chairman Gert Petersen or vice-chairman Aage Frandsen wins, the party will be prepared to compromise on defense policy to a greater extent than before.

At the same time, both Petersen and Frandsen are standing fast on so many classic SF points of view that the party hardly will be restored to favor among the real friends of defense. Nor with the Social Democrats.

Frandsen and Petersen agree that SF will be able to vote for a defense compromise if it means probable and immediate practical steps in the direction of disarmament and the reduction of tensions.

They acknowledge that not only SF will decide the pace of the disarmament process. At the same time, the party may support retaining some of the current military system if that is the price for getting rid of some of the offensive facets of defense.

"This requires additionally not only paying attention to the majority possibilities in Denmark which necessitate SF accepting compromise. Demands from the super powers and blocs also can play a role," according to a statement which both support.

The chairman and vice-chairman also agree that Denmark was more secure outside of NATO. As a start, Denmark should withdraw from NATO's military cooperation and say "no" to foreign troop increases in case of war. SF also will support a cut-back of the military budget--"so that particularly the offensive portions of the military are affected."

Defensive Defense

In contrast, Frandsen and Petersen disagree concerning the extent to which SF should make a non-offensive defense as the party's watchword.

Vice-chairman Frandsen believes it should not.

He thinks, nonetheless, that it would be advantageous for disarmament to take place over a number of years, among other reasons, to avoid giving the United States and NATO arguments for filling the military vacuum.

Gert Petersen urges the national congress to support a defense which "for a period of time can repel isolated lesser foreign attacks and provocations ('testings') during periods of crisis and tension."

Should Denmark suffer an isolated attack without nuclear weapons, Petersen recommends that we be prepared to confront the occupational power with "strikes, boycotts, urban guerrillas, and the like, as during the Second World War."

The disagreement mirrors various analyses of the effects of a Danish disarmament.

Aage Frandsen does not believe that stability in Europe would be shaken even if Denmark scrapped both its military and its membership card in NATO. In Europe, the boundary between East and West is drawn so sharply that the western great powers never would allow the Russians to occupy Denmark; on the contrary, a neutral, disarmed Denmark could further the disarmament process, he believes.

In contrast, Gert Petersen objects that Denmark has no guarantee that "the current marked division in Europe or the current balance of power will be preserved."

"In fact, many attempts are being made to re-cast the balance.... And the situation could arise where the two blocs or their power leaders would test each other's daring and perseverance. In such situations, it could be destabilizing and increase tension if Denmark existed as a completely free test area," the SF leader believes. Therefore, Denmark should demonstrate that it is "dedicated to maintain stability in its nearby area."

A third proposal for SF's defense policy--made by Viggo Jonassen from Arhus--proposes that the party stick with the old viewpoints.

Jonassen likely views a cut-back of the "most obviously offensive weapons" in the defense arsenal as "important steps away from the balance of terror." But as long as Denmark is capable of preventing the Soviets from sailing through its straits, the Russians can worry that we will play along with the United States and NATO anyway.

Therefore, it is only an ultimate disarmament which matters, Jonassen believes, who thus recommends that all proposals which could lead to a defense compromise be eliminated from the up-coming SF program.

12578
CSO: 3613/63

POLITICAL, ECONOMIC EFFECTS OF AGING POPULATION DISCUSSED

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 2 Dec 85 p 10

[Article by Wolfgang Cyran: "More and More 'Young Seniors' and 'Old Seniors'"]

[Text] The FRG population will drop from its present 61 million to 54.9 million in 2010. It is a cause of concern that the proportion of children and juveniles below 20 will decline from 24 percent in 1983 to 18 percent in 2010, while that of persons above 60 is going to rise from 20 percent to 27 percent in the same period. We were told this lately by Prof Max Wingen, president of the Baden-Wuerttemberg Land Statistical Office, at a "Bad Nauheim conference."

Wingen said that of course there was no optimum population figure, but there was indeed an optimum population development. This latter approximated a stable population, neither growing nor shrinking. Admittedly, population movements can at best be predicted with any realiability for only 10-15 years; too many factors are liable to change. The absolute decline in population, for example, had been less but the structural changes greater than anticipated 2 years ago. Still, it was possible to carry out model calculations on the basis of specific assumptions.

According to Wingen, it may be assumed, for instance, that the 1978 reproduction rate of 0.627 will hold steady. We may also consider the 1976/1978 mortality rate a constant--it is another question whether these two assumptions will hold. The Federal Office for Statistics actually produced three model calculations. The first stipulates a steady birthrate and declining mortality. The second presumes a decline to 0.51 in the birthrate from 1985 to 1994. The third model assumes the birthrate to increase to 0.81 until 1994 and thereafter hold steady at that figure. According to the first model, the German population would amount to 50.5 million in 2010. to the second model to 48.6 million and the third model to 53.2 million.

These calculations are designed to indicate the actions needed and to arouse political responses and adjustments. If that happens, they have served their purpose. Professor Wingen does not see any convincing reason for an early change in the birthrate, because the readiness to have children is rooted in society's value structure. The process of greater emphasis on individuality would have to include pleasure in children. On the other hand, he thinks that we may expect the mortality rate to decline slightly--by about 10 percent--until the end of this century.

With regard to the change in the age structure, so important from the standpoint of the politicians, the above proportional increase in persons over the age of 80 has a particular impact. Unfortunately, the population reports and model calculations issued by the Federal Office for Statistics mention only the group "60 and above." Winger emphasized that this is by no means a homogenous group: We should distinguish between young seniors and old seniors (80 as the dividing line). "Young seniors" represent a group requiring to be much more activated.

The population figure has great significance on the one hand for the planning of schools, playgrounds and nurseries, on the other for the planning of hospital beds, rest and nursing homes. Specially worrisome is the question who is going to pay the social security pensions for the steadily larger group of recipients if the numbers of people gainfully employed are declining just as steadily. Wingen thinks that the social security system will not have to be fundamentally reshaped until the next century: In the next 10 years, we will still have relatively favorable conditions for correction, given the incipient unfavorable democraphic development. After that, the situation will be much tougher, because the total load will be all the greater the longer the adjustment process is deferred.

Wingen proposes to build a factor of demographic correctioninto the social security pension formula. It is an aggravating factor that hardly any decision made in the political sphere ranges beyond the life of the present generation. Demographic changes, though, exert a long-term effect, and that is why a future generation will have to deal with the consequences of current decisions.

The repercussions of population developmenton consumer demand, the requirements of the infrastructure or political objectives can often be only indirectly predicted, said Heimfried Wolf (Prognos AG, Basel). That is the reason why government and business tend to think far too little about the possible consequences, and already foresseable population developments are therefore far too little reflected in concrete economic and political decisions. Political and business management logic conducts to the propensity for trying to solve only current problems, without consideration of future population development.

If future production capacities, infrastructures and also legal claims are fixed without account being taken of the general population trend, Wolf said, dislocations are bound to occur. This will be the case, for example, if planning fails in good time to take into consideration the absolute decline in consumers, the necessary restructuring in favor of older customers and in direction of a greater demand for services for seniors. Wolff cites the labor market, in particular youth unemployment, as a most conspicuous example of the possible consequences incident on the disparity between population development and general economic development. Youth unemployment persists despite the radical increase in apprenticeships, and we always have a rise in the unemployment figures for older and poorly trained men and women generally.

The unemployment problem is further emphasized by the fact that the demands on the skills of management personnel as well as in the classic work sphere are being raised by the introduction of new equipment. This, Wolff said, means that some particular training models are now obsclete. In addition, decisionmaking in business, politics and society as a whole has become far more complicated due to the extent of knowledge now required. At the same time, the currently foreseeable population development confronts the economy with entirely new problems with regard to meeting the demand for more highly trained personnel: In the 1990's a progressively smaller labor force with up to date training will be available. Alongside the simultaneous decline in unemployment, the over 40's will be required to steadily sharpen their skills. Furthermore, Wolff added, it will be necessary to change earlier management structures specially in the sector of middle management. This will be very difficult to achieve, not only in view of human problems but also because entire organizational principles (such as are anchored, for example, in the civil service legislation) are going to be questioned.

According to Wolff, political planning, in particular in the social and health sectors, already confronts us with the consequences arising from automatic legislative and social happenings created in very different economic circumstances. The numbers of older persons needing to be taken care of by the working population are climbing relentlessly; the gainfully employable population cannot be fully employed and resists all further increases in social contributions; our health service is getting more and more in the red as people live longer, and the relative easing of the situation of gainfully employed persons due to the smaller birthrate only partially balances the greater burden imposed by social security pensioners while, at the same time, representing a mortgage on the future.

Finally, the change in the population structure also affects transportation, housing construction and the organization of conscription. As Wolff says, all these challenges may also offer an opportunity for initiative, adaptability and the solidarity of the various population groups and their representatives.

Hans-Wolfgang Pfeifer, chairman of the board of this newspaper, was the moderator at the "Bad Nauheim Conference." He closed the lively discussion by pointing out that classical Greek philosophers had also contemplated population problems, and that the problems of population development confronting us are actually affecting the entire European Community. He hoped that the appropriate conclusions would be drawn from this appreciation.

11698
CSO: 3620/158

POLLS FIND LARGE DROP IN SUPPORT FOR COMMUNIST ELECTORAL FRONT

Helsinki HELSINGIN SANOMAT in Finnish 16 Jan 86 p 12

[Article: "Support for Leftist Parties Has Fallen"]

[Text] Two opinion polls taken at the end of last year provide contradictory figures on the development of party support.

The surveys conducted during November and December of last year are relatively similar with respect to the major parties, but they differ markedly from each other in their appraisals of support for the Greens and the Finnish Rural Party.

According to the opinion polls, the Left would appear to have lost support since the 1983 parliamentary elections.

According to a survey made by the M Information Center for SEURA, the Finnish Rural Party has lost over 4 percent of its support, and the Greens have advanced roughly 5 percent. On the other hand, according to an opinion poll by Economy Research, the Finnish Rural Party has pretty much remained where it was before, and the Greens' gain was under 3 percent.

Both opinion polls indicate a clear drop in support for the Finnish People's Democratic League and a slight drop in support for the Social Democratic Party. The M Information Center measures a small increase in support for the Conservative (Coalition) Party; Economy Research, on the other hand, measures a slight loss.

The results of the opinion poll by the M Information Center in November and December are the following (support figures of parliamentary elections in parentheses):

Social Democratic Party 25.7 percent (26.7 percent), Finnish People's Democratic League 11.4 (14.0), Conservative (Coalition) Party 23.1 (22.1), Center Party 17.5 (16.6), Liberal People's Party 1.7 (1.0), Finnish Rural Party 5.3 (9.7), Swedish People's Party 5.1 (4.9), Finnish Christian League 3.3 (3.0), Greens 6.6 (1.5), Constitutional Right Party 0.3 (0.4).

According to the poll by Economy Research in November and December, party support was distributed as follows:

Social Democratic Party 26.4 percent, Finnish People's Democratic League 11.7, Conservative (Coalition) Party 21.4, Center Party 16.1, Liberal People's Party 1.7, Finnish Rural Party 9.1, Swedish People's Party 4.8, Finnish Christian League 2.4, Greens 4.3, Constitutional Right Party 0.6, others 1.5.

12327
CSO: 3617/63

MAX JAKOBSON WARNS OF INJECTING MORALITY INTO FOREIGN POLICY

Cites Human Rights Actions

Helsinki HELSINGIN SANOMAT in Finnish 27 Jan 86 p 12

[Article: "Max Jakobson Warns: Foreign Policy May End Up Being Guided by Populism"]

[Text] Certain recent events indicate that human-rights issues are also starting to affect Finland's international relations and that Finnish foreign policy--some parts of it at least--is in danger of being entangled in populist trends. This is the repeated warning of managing director, foreign-policy expert, and former ambassador Max Jakobson in an article of his published Sunday in UUSI SUOMI.

Recent incidents which have caught Jakobson's eye are the habitual strikes to sever commercial and postal communications between Finland and South Africa and the attempts to prevent Outokumpu, Inc, from obtaining a copper mine for itself in Chile. Demands that Finland accept more refugees than it does at present are likewise considered symptomatic by Jakobson.

Jakobson also focuses attention on recent stands taken on human-rights issues by the foreign-affairs leadership, President Mauno Koivisto, and Assistant Political Secretary of State Klaus Tornudd from the Ministry of Foreign Affairs. Jakobson quotes, among other things, a Tornudd speech according to which the deliberate violations of human rights by some states entitle other states to draw their own conclusions and act accordingly.

Jakobson claims that a change has occurred in Finland's official position. In his Tamminiemi book, President Urho Kekkonen warned Finns against letting intellectual sympathies and antipathies influence foreign policy. Moralizing standpoints, gestures, and attitudes often have no more than demonstrative significance, wrote Kekkonen.

"The change in our official line can be viewed as the inevitable result of a burgeoning tendency toward internationalization," observes Jakobson.

"The climate of opinion in Finland is becoming similar to that in the other Nordic countries and in Western Europe in general. The internal affairs of other states are thus turning into the internal affairs of Finland as well. The discussion of these affairs is tinged by moral and ideological viewpoints. Finland is urged in its official foreign policy to comply with the common values of the Western community and to pursue international solidarity."

Jakobson feels that such a development threatens in practice to lead to the entanglement of foreign policy--some parts of it at least--in populist trends.

This is what happened when the labor unions began singlehandedly to apply sanctions against South Africa. "The impact on South Africa has been nonexistent, but our country has suffered economic damage," says Jakobson. He sees similar features in the debate on the Chilean copper mine.

Jakobson points out that our moral indignation is directed at a few selective targets. "The choice is often made on the news media's terms: the television camera determines the radius of activity of the Western conscience. Our protest seldom extends to where the television camera does not reach.

"The haphazard implementation of an active human-rights policy, as has happened in recent times, is accompanied by obvious dangers. With respect to climate of opinion, Finland is fast on its way to merging with countries whose security policy is different from ours. Fashionable appeals to international solidarity and to common moral values may someday run afoul of the fundamental interests of our security policy."

Tornudd: No Danger

In a TV-news interview on Sunday, Assistant Secretary of State Tornudd downplayed Jakobson's warnings about a clash between Finland's new human-rights policy and its security interests.

"I do not believe that a serious clash will occur. We have to be able to put matters in the order of their relative importance. If it is a question of fundamental security interests, they come before everything else," said Tornudd.

He found that moral stands do not have a major place in Finnish foreign policy. They do have "some sort" of place, however.

Newspaper Views Debate

Helsinki HELSINGIN SANOMAT in Finnish 28 Jan 86 p 2

[Editorial: "Max Jakobson Is Worried About Our Fundamental Interests"]

[Text] The people as a whole have accepted the fact that there is scanty elbowroom in the security policy of a small state like Finland. The fundamental interests of our security policy were at one time placed ahead of everything else, including viewpoints on human rights.

In both utterance and deed, however, the leadership of our foreign policy and the "general opinion" represented by labor-union forces have recently modified the deep-rooted positions of Urho Kaleva Kekkonen concerning the influence of sympathies and antipathies on foreign policy.

Assistant Secretary of State Klaus Tornudd from the Ministry of Foreign Affairs has admitted that this appraisal by Max Jakobson is correct. At the same time, according to UUSI SUOMI, Tornudd has rejected claims that a "more active human-rights policy would threaten Finland's national interests." In his opinion, moral stands have a place--though not a major one--in the official foreign policy of our country.

The debate that has flared up around this issue is useful as well as interesting. It must be kept in mind right from the outset that Max Jakobson, despite his expertise, is an "irresponsible" critic of foreign policy whose viewpoint rests on the immutability of Urho Kaleva Kekkonen's theses. Klaus Tornudd is, for his part, a low-profile public servant responsible for the implementation of foreign policy.

Jakobson concedes that the change in our official line is the inevitable result of a burgeoning tendency toward internationalization. But Jakobson's conclusion that "the relations between states are no longer under the exclusive control of the states' leaders" may nevertheless be worrisome to the foreign-policy leadership.

And especially if Jakobson thinks that even official moral indignation occurs on terms dictated by the news media: in his opinion, they determine the radius of activity of the Western conscience. In our official foreign policy, too, we have agreed to comply with the common values of the Western community and to pursue international solidarity.

The theoretical guidance peddled by the former ambassador is logical. But on the other hand he entirely overlooks the difference in backgrounds of the cases--South Africa, Chile, Iran--which he mentions.

It is, of course, conceivable that nobody in Finland would protest against a violation of human rights or take action against someone for cruelty and injustice, because the news media were unable to report all the iniquities. But at the same time it is best to discuss what kind of human climate we would then live in.

With respect to climate of opinion, Finland is fast on its way to merging with countries whose security policy is different from ours, says Max Jakobson. The assertion is bound to cause perplexity if he wants to say at the same time that our thinking in security policy is also thereby jeopardized. Where should the line of internationalization be drawn, and who should obtain the right to become internationalized?

In a small country, theories about such timely events cannot be developed without asking how the management of affairs should in practice be changed in order to avoid the danger of collision mentioned by Jakobson. When allusion is made to the need to alter the whole climate of opinion, then the issue affects all political circles and the entire population.

Jakobson's concern about the fundamental interests of our security policy seems to have special reference to the highest level of our foreign-policy leadership and to the obvious helplessness of the Social Democrats in the face of the labor movement's ascendancy. His turn at the rostrum can be called a summons to a profound public debate.

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CHIRAC'S TENTATIVE POST-ELECTION PROJECT, PERSONNEL PLANS

RPR-UDF Program

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[Article by Nicolas Domenach: "This Time It's True, the Right Wants to Get Rid of the State"]

[Text] What they have announced:

--Total end to price control.
--Repeal of the 1948 laws on economic controls.
--End of exchange control.
--End of any limit to the extension of credit.
--Autonomy for the Banque de France.
--Free competition in interest rates on savings.
--End to the state monopoly on telecommunications.
--Abolish the privileges of the SNCF.
--Immediate abolition of the law on the democratization of the public service.
--Denationalization, during the first legislative term, of the banks, the insurance companies, television, and the major industrial groups.
--Generalized privatization of companies over the long term.
--The possibility of purchasing the shares of denationalized companies on a deferred payment basis.
--Administrative freedom to terminate employment of workers.
--Science at the service of companies.
--Transfer to the private sector of several research units of the CNRS
--Privatization of certain forms of publicly-owned property.
--Introduction of the criteria of productivity in the civil service and in the government administration.
--Return to realistic pricing of services provided by government companies.
--Progressive reduction of state expenditures in the economic and social field.
--Tax measures favorable to stockholders.
--Reduction in taxes on profits and dividends.
--Abolition of the tax on large fortunes.
--A less progressive tax on income.
--Fewer tax controls at the borders.
--Lessening the charges which companies must pay.

It won't be until the beginning of January that the RPR and the UDF will make public their "common government program," which they have been drafting since September 1985. However, the work on the program is now well advanced, to the point where it is considered almost "complete" in Jacques Chirac's party [the RPR], where his supporters are getting annoyed at the complications and delays caused by the UDF party machine. The economic part of this common program, which we reveal here, is of immense interest, not only because it is still secret--although that makes it more of a revelation--but because it provides an overall view of what will be official policy in a few weeks. It is more than a working document. Apart from a few changes that still may be made in it, this is the future economic and financial program which the present opposition intends to follow when it is in power. The post 1986 elections period will unfold at the pace described below.

Clearly, the other chapters of this platform are of importance. However, it is already possible to determine what will be the principal points. Moreover, this is what the UDF wants to do with the whole program.

The formulation of the "15 steps to be taken by the government" has not yet been completed, but we can give the essential aspects here. In terms of government institutions, these points include the abrogation of the current elections law and the restoration of the majority system (supporters of the political Center would like to keep some aspects of the proportional representation system). In the educational field, the program includes the abrogation of the Savary law, the decentralization of educational activities, a choice of schools and a recognition of university autonomy. In the communications area, the program provides for the privatization of two television channels and the establishment of a television channel dedicated to cultural programs. The remainder of the state system, consisting of one radio network and the INA, will remain under state ownership. On immigration, the program provides for halting clandestine immigration, strengthening national integration, redefining the rights and duties of immigrants, and the preparation of a new code on nationalities (the centrists are opposed to the RPR program reserving to French citizens family allowances for a third child.). On equipment: abrogation of the Quillot law. On the family: an overall priority and encouragement for families having a third child.

Prudence and Points Left Unclear

On jobs, the program includes eliminating the requirement to obtain government authorization to fire employees. It provides for a reform of the system of trade union monopolies ("Without questioning the essential idea of trade union representation, we will modernize the rules."). Abolition of the effects of the threshold which will reportedly be frozen as long as the employment problem is not resolved. Finally, an extension of the TUC system to the productive sector by adopting measures to encourage the employment of young people.

There remains the question of the economy, which is the very heart of the government program, in the words of its authors. The text of the program is of fundamental importance, but certain variations in the formulation of the program are no less so. In a previous draft of the program, it was stated, for example: "All prices will be immediately freed of control at all levels." Now the drafters are more prudent. On this subject they simply say: "All prices will be freed of control." This prudence is increasing as the opposition comes closer to becoming the government. The same tendency is also seen in the desire to stop listing the large industrial groups to be denationalized, a list which previously appeared in the program. In the same way the second part of this phrase has been eliminated, where the program recommended: "controlling social expenditures by competition in the health field." Now the program commits the future government to "control of social expenditures by improved handling of health expenditures." They are careful about not giving the impression that they want to destroy the social security system!

Another example of prudence: in general, the program avoids being too precise about the time needed to achieve these objectives. Those who drafted the program have given themselves the whole period of the next National Assembly to carry out these neoliberal reforms and to enact the various pieces of denationalization legislation in particular. They are thus avoiding passing themselves off as extremists. However, the RPR intends to take advantage of the generalized tone of the draft program as soon as it is in power.

An Explosive Breakthrough

On the other hand more balance will be found in the text of the program on what constitutes the basic debate between the supporters of Raymond Barre and Jacques Chirac. Chirac's supporters want to give priority to a tax cut, thinking that in this way they will create a climate of confidence and favor economic recovery. Barre's supporters, on the other hand, emphasize the reduction of government budgetary deficits, fearing that in the absence of doing this all of the present imbalances will get worse. An attempt has been made to reach a form of written agreement, using the formula that, "the objective of tax relief would be achieved as the deficits are reduced." This does not stop each of the partners from continuing to give priority in private to its own preferences. However, with all of its lack of clarity, and thanks to this also, this document will have an impact, to the extent that in the first place it marks a decisive political and philosophical turning point. It shows the reality of the neoliberal turn which the opposition, all of the opposition, has taken, even though certain persons, and that affects both parties are less liberal than others. What an intellectual road (to Damascus) we have travelled since the development of the activist state in the 1970's and 1980's! We have reached the point where we can now feel a reverse kind of concern about the conversion of the "law of the market" or the role of private enterprise into myths which have become "the only creators of wealth and jobs."

This is not an intellectual parade or a simple splash of ink aimed at deceiving the enemy. The commitments made will not easily be forgotten in the future. Just as the common program of the Left determined the way in which it administered the government, this platform will weigh heavily on the choices made by the present opposition after 1986. Even if we still foresee the possibility that "the state will be able to provide temporary encouragement to economic sectors in difficulty," it is the need for a break with present government policy which has been announced, as the RPR wanted.

This is an "overwhelming" break with the past. For, leaving aside freedom of prices or foreign exchange or denationalizations, the issues of autonomy for the Banque de France, the introduction of the criteria of competitiveness in the civil service and the encouragement of competition between the private sector and EDF or the SNCF can lead to explosive reactions. The contact between this program and reality could really go "boom!"

[Boxed insert by Jean-Francois Kahn: "The Same Mistakes as the Left"]

[Text] The "united" Right is definitely getting ready to commit in March 1986 the same errors as those which the "united" Left made in May 1981.

The first error: committing itself to a binding program before even having made a list of the objective possibility of applying it.

The second error: seeking at any price to make this into a "common" program, to the detriment of the ideological pluralism which is the principal advantage of the present opposition.

The third error, following from the second: allowing a radical and, from many points of view, a dogmatic point of view to be imposed on it by the tough-minded nucleus made up of conservative and liberal leaders.

The fourth error: satisfying itself with following the "reverse course" of the old state-oriented leftist program, instead of proposing new and modern objectives. In other words, preparing itself in a stupid way to follow a policy of "everything free of control" where there previously was "everything controlled by the state," moving toward a policy of laxism where there was restraint and of restraint where there was laxism! Once again, the moderate reformers, the social democratic centrists, the authentic supporters of De Gaulle, the pragmatic modernists, and all of those who favor "another way" will be the principal victims of this plot by party regulars.

This is a paradoxical comment to make at a time when a poll taken by LE POINT shows that the Right and the Left are both minorities in the country and that a solid one-third of the voters simultaneously reject the archaic socialism of daddy's time and the archaic liberalism of grandpa.

[Article by Nicolas Domenach with Pascal Krop, Maurice Szafran: "The RPF-UDF Economic Profram"]

The extent to which France has fallen behind international competitors, the increase in the fixed expenditures of the nation, and the inertia involved in the bulk of the budget have not made the task easy. However, once the change in government takes place, clear choices and major reforms should encourage the development of a new economic climate and make it possible to undertake the difficult reorganization of public finances and the foreign trade situation of the country, under better conditions.

I - Immediate Action toBreak with the Philosophy of State Control.

Only private enterprise clearly creates wealth and jobs. Freeing private enterprise from the onerous regulations which paralyze it, completely remaking France into a market economy, and limiting and clarifying government action are three aspects of the same program aimed at increased efficiency, dynamism, and competitiveness.

I-1 - Freeing Prices

Controlling its sales prices is an essential element for the management of a company. All prices will be freed. The two regulations issued 30 June 1945 on economic controls will be repealed. This abrogation of the two regulations will be followed by the reform and modernization of our laws on competition and consumption.

I-2 - Freeing Foreign Exchange

The objective is to reestablish total freedom regarding the acquisition and sale of foreign exchange in as short a time as possible. Current operations by companies and particularly all operations related to the settlement of trade debts will be freed immediately.

I-3 - No Limits on Credit

A solid and unquestioned standard of currency is the foundation of a real market economy. The Banque de France will be granted autonomy under new legislation. The bank will regulate overall financial liquidity through the use of market mechanisms, abandoning any direct quantitative restrictions on the distribution of credit, either in the form of credit limitations or through the use of present procedures derived from such limitations. There will be free competition between banks to determine the interest paid on savings and the conditions for loaning money. Tax neutrality, particularly as between share ownership and the repayment of money owed, and the progressive abolition of interest bonuses will make possible the development of a large, unified, and dynamic capital market, serving the entire economy.

I-4 - An End to Monopolies

A basic law will set down new rules on competition. It will be applicable to all, including the various state companies. It will provide for the punishment of deliberate, discriminatory practices aimed at preventing competition. It will reform the present Commission on Competition by creating a new judicial body to handle questions of competition, with the possibility of appeals to the regular courts.

A program of deregulation will be approved at the same time. The limits on competition which exist in the major areas of the economy will be abolished. This will particularly be the case in the energy sector, where the 1928 law on petroleum products will be repealed; in the case of the transportation sector, where fair competition between the SNCF and other means of transportation will be reestablished; and in the telecommunications sector, where there will be competition on communications between companies, both at the international level and for new services to be established. Deregulation of the banking and insurance sector will benefit the economy, particularly in the case of small and medium-sized companies.

Openness and competition in the financial markets will be provided through the prohibition on self-controlling arrangements, the provision of information for the shareholders, and simplifying procedures for offers to purchase.

I-5 - Denationalization

There can be no true democracy if the state is involved in the distribution of information, if bank credit is nationalized, and if large industrial companies are immune from the laws and penalties of the market. A legal framework making it possible to begin the denationalization program will be enacted as soon as the change of government takes place. It will be based on the following principles:

--Over the long term, all of the competitive sector of the economy will be denationalized. The so-called law on the democratization of the public sector will be immediately repealed. Arrangements for the representation of employees in the social organisms to be established will be determined on a case by case basis, as a function of possible shareholding by the employees, in particular.

--In the course of the next National Assembly the banks, insurance companies, the audiovisual sector, the large industrial groups, and other state enterprises likely to find buyers in the market will be denationalized.

--A general tax system that puts an end to penalizing shareholding, supplemented by specific incentives, such as encouraging shareholding by employees of a company and the purchase of stock on an installment basis, will make it possible for the denationalization program to be implemented in accordance with the resources of the financial market.

I-6 - Participation by the Workers

The principle of participation, under various forms, will make it possible to associate the workers more closely with the life of their company and with their own future. The sale to employees of shares in denationalized companies, under advantageous conditions, will be one of the ways of ensuring their participation in enterprise capital. Their receiving a share in company profits will support moves in the same direction. Finally, their participation in the responsibilities of a given company will be demonstrated by their exercise of their rights of free speech and by their involvement in decisions affecting the well-being of their company.

II - The Recovery of Economic Dynamism

These programs aimed at breaking with the immediate past, at reasserting our freedom, and at privatizing the economy will make it possible for all sectors of the economy to regain their dynamism.

II-a - Research

A high level of science and research, directly encouraged by the state, is the key to competitiveness and to the living standards of tomorrow. A national effort in this area should be continued but reoriented toward the companies themselves. This presupposes a major reorganization of the tool of publicly financed research. A number of research units in the CNRS will be transferred to universities and to private companies. Publicly financed research organizations should support the development of research programs in private companies. Tax incentives for research, improved communications between universities and private industry, and the possibility for researchers and inventors to set up their own companies should be developed.

II-b - Industry

The illusions of industrial policy are dead. Lowering taxes, improving profitability, flexibility in employment, competition in deregulated markets, high technology, and free access to a large capital market are now the key words in industrial competitiveness.

For its part the state should seek to create an economic climate appropriate to the resumption of productive investment, to increase the funds available within the various companies, and to develop risk capital. In sectors facing difficulties, temporary encouragement to help them adapt to changed conditions may continue to be necessary. They should be made available on a decreasing scale, rejecting protectionism at the borders and laying the foundations for the competitiveness of tomorrow. In the high technology sectors support for major projects in the form of government contracts should take fully into account the necessary European dimensions of economic activity.

II-c - The Services Industry

In modern economies job creation takes place increasingly in the services sector. In cooperation with the professions involved, conditions favorable to investment, job creation, and exports will be created in this sector. The development of certain types of concessions, in particular, will make it possible to undertake private, collective infrastructure projects.

III - Reorganizing Public Finance

One of the great tasks for the next National Assembly will be to reestablish order in the field of public finance and to reduce the compulsory allocations which restrict initiative, expansion, and dynamic job creation. That assumes reconsidering already existing services, the introduction of productivity criteria in the civil service and in other administrative bodies, improving the situation in publicly owned companies by adopting real prices and applying strict accounting procedures, the control of social expenditures by the improvement of management, and the expansion of savings for retirement.

The key to future action will be a reduction in the role of government expenditures in the economy, year by year. That is quite possible, as examples in foreign countries prove. To do that, there must be a basic reconsideration of the expenditures of the civil service, the expenditures for the operation of the various public administrations, and the expenditures for government economic and social intervention. This is necessary to permit both a reduction in government deficits and lowering taxes.

III-A - Removing the Restraint of Taxes

Our tax system must evolve in the direction of lower taxes on profits and on the rewards of risk taking, reducing the deductions from wages, and in the direction of a modern, local tax system providing a sound foundation for local government.

In terms of the National Assembly, the objectives for tax reduction in this direction are clear.

First, regarding company enterprise. The taxes collected from wages discourage employment and particularly the employment of young people. The progressive replacement of deductions for family allowances by other public resources affected is essential. Taxes on the professions, under present arrangements, create profound disparities between companies and penalize investment and employment. This form of taxation will therefore be changed. Finally, risk capital and the accumulation of company funds out of earnings, through the abolition of double taxation of dividends, will be encouraged.

For individuals the object is to return to a marginal income tax rate not exceeding 50 percent and reducing other forms of taxation as a consequence. Present inheritance taxes which discourage investment will be reconsidered. Taxation on savings will be reduced to a neutral level, and a program of savings for retirement will be encouraged by tax incentives.

II-B - Reducing Deficits

In parallel fashion, the accent will be placed on the reduction of the deficits which discourage savings and contribute to disequilibrium in foreign trade. An emphasis on openness, in the form of an overall budget in 1986, will make clear what the budgetary situation really is and make a beginning on the reduction of the deficit. This will make it possible to provide simultaneously for reductions in the budgetary deficit and in taxes in 1987 and in the following years.

The objective should be returning as quickly as possible to a situation where the national debt does not increase faster than national wealth.

III-C - Setting Down Immediate Priorities

The relative importance of easing the tax burden and reducing the deficit, in the course of the next 2 years, will depend on the overall economic situation at the time.

Nevertheless, on the basis of present data and with budgetary economies amounting to about 1 percent of production each year, it appears to be possible, during the first part of the next legislative session, to undertake the following:

--Beginning to lower professional taxes.
--Beginning to lower salary deductions for family allowances.
--The first stage of lowering income taxes by ensuring that in no case will taxes exceed half of taxable income, bringing down the maximum tax to 60 percent, and ending other unreasonable penalties. --Reconsidering taxation on savings and providing for its neutrality.
--Abolishing the tax on large fortunes and considering the problems involved in the inheritance of companies, in order to contribute to supporting investment and, therefore, employment.
--Reviewing procedures for investigating tax and customs questions and making them fit the principles of common law once again.

IV - Foreign Trade Recovery

The recovery of foreign trade cannot be commanded by words. It will take place as a result of the reestablishment of company competitiveness, the reduction of domestic deficits, and the encouragement of incentives for all participants in economic life.

Concerted European action can facilitate the achievement of this objective. This should involve a new stage in the development of the European monetary system, the dismantling of foreign exchange controls, and the encouragement of private transactions in European currencies. It will serve as a framework for coordinated action for the reduction of deficits in certain countries and the support of economic activity in other countries. It will help to create a more stable international monetary system, based on three standards: the dollar, the yen, and the ECU.

At the same time, a specific action program will be prepared to ensure the establishment of a real European domestic market, making it possible for European companies to flourish as much as their Japanese or American competitors do.

Formation of a 'Bulldozer Government'

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[Article by Nicolas Domenach, Pascal Krop, and Maurice Szafran]

[Text] "After the victory in March 1986 we will form a bulldozer government, with Chirac as its leader." Among those surrounding the president of the RPR there is no longer any hesitation. Even though Chirac has an unpleasant memory of his time as prime minister in the Palais Matignon, he is "condemned" to return there. There is no question of allowing Chaban-Delmas or Giscard d'Estaing to be prime minister. Certainly, President Mitterrand has the power to appoint any one of them. However, the RPR also has the power to prevent them from forming a government. It has decided to make use of it. This is because, for the present mayor of Paris, "The road to the presidential palace passes through the office of the prime minister."

However, to confront Mitterrand and Raymond Barre, Chirac will have to have a very strong team supporting him. So that he won't look like someone selling off pieces of the hide of the socialist bear, he is now avoiding making up a list of potential cabinet ministers and is annoyed at seeing the agitation of those former cabinet figures and new, potential ministers who are in a hurry to be included. That hasn't kept him from having had it said or intimated to some of his very close associates that they will be in the cabinet.

Those who have been given this message, in fact, are glowing. Agreement has already been reached on the main strategic directions to be followed and the names of the key figures. Not all of them, of course. Hence the following list of favorites and outsiders. This is a list which will change as the balance of political force changes, particularly between the UDF and the RPR, on election night.

These advisers of Chirac's would like to succeed in establishing a "tightly knit, new, and coherent government." Tightly knit, first of all. There should not be more than 15 "full cabinet ministers," who would be a kind of "15 member rugby team of France." There would also be a maximum of about 15 secretaries of state in the cabinet, "to act as a bloc against Mitterrand and to work quickly and well." Chirac wants a small team. This will certainly include a new member: the minister for denationalization (a symbolic lever "to lift France up," and a secretariat of state raised to the level of ministry (for overseas French departments and territories; the promise has already been made.). The remaining cabinet portfolios will either be regrouped or abolished. There will no longer be a Secretariat of State for the Budget, for the Social Economy, for the Prevention of Natural Disasters, for Repatriated Persons, for Forests, for Technical Education, etc. The Ministry for Women's Rights will be reduced to the level of a delegation; the Ministries of Research, Youth and Sports, and Post and Telecommunications will be added to others and reduced to the level of a secretariat of state.

Then, it will be a new government. Chirac's advisers want to avoid talk about a "cabinet of phantoms from the past" and the "union of yesterday's men," which was denounced by Prime Minister Fabius. This is all the more the case, as they hope to create "a shock of confidence" likely to get the economic machine going again. Everything will be done to set aside, respectfully, people like Debre, Guichard, Couve de Murville, Peyrefitte, and Labbe from the RPR, and Bonnet, d'Ornano, Monory, or even Barrot, who are considered too much marked by their past. On the other hand, new men will appear, like Juppe, Pandraud, Balladur, Seguin, Leotard, Rossinot, and Madelin. However, a few annoying or too juvenile representatives of the "diaper" generation will be avoided, such as Carrignon and Bernier. Furthermore, this concept of a new government will not be applied either to the women--Simone Veil reportedly will be the only member of her sex in the inner cabinet--or to social professional figures, whose only representative will reportedly be Alain Chevalier, the very strong supporter of Giscard d'Estaing and the boss of Moet-Hennessy. The reason for this is that they want a team which is "very political but has no gimmicks in it."

Finally, they want a coherent government. It won't have many supporters of Giscard d'Estaing and Raymond Barre. They're afraid of an invasion by the former group and they are concerned about the absence of the latter. How could they prevent Giscard from taking the portfolios of education and finance and from imposing on the new government Michel d'Ornano, his faithful and formidable supporter? On the other hand, how can they convince the supporters of Raymond Barre to get into the "government boat"? Such figures as Millon, Mestre, d'Aubert, and Alphandery have already made it known that they will not join it. Rossinot and Mehaignerie have also said the same thing. However, the latter two are leaders of the radical group and of the CDS. The Chirac supporters say: "If we start off without them, that means that they'll be against us. Therefore, we have to do everything we can to have them with us."

Finally, there is a thorny problem of quite another kind: Robert Hersant. They are thinking of giving him the control of a television channel so that he won't try to get a ministerial portfolio.

The negotiations over the cabinet will nevertheless be tough, and in several areas. First of all with regard to the overall balance in a regional and therefore political sense. There will reportedly be seven RPR members of the cabinet (plus Chirac) as opposed to 8 UDF members. In principle, this is acceptable to the UDF. Except that there will necessarily be a discussion about the distribution of the important ministries.

Chirac wants to place his closest advisers, his secret guard (Balladur, Juppe, Pandraud), in the Ministries of Social Affairs, Economy, and the Interior. But there is no question of letting Leotard or another figure have the Ministry of Defense. A lot of money goes through that ministry, and, above all, this could be one of the areas for the fight with Mitterrand. Giscard could be marked down for the Ministry of Foreign Affairs, where he could be useful. Other ministries also constitute risks for their occupants, either because of the succession this would involve or the fights they would become involved in. These include the Ministries of Cultural Affairs (freely conceded to the UDF) or Education (abandoned to the freewheeling weight of Seguin) or Justice.

A general agreement cannot be reached without taking into account the distribution of other important positions, such as the presidency of the National Assembly, which the RPR reportedly will claim. However, in this case they would have to give up something else. Because the confrontation involved in working with Mitterrand will require a political bloc of reinforced concrete that won't break down. A team capable of applying and of supporting the password, "this will go or it will break down."

Following is a list of possible Chirac cabinet members:

Ministry of Economy and Finance : Alain Juppe (RPR)

Advantages:

As the principal economic adviser to Chirac as mayor of Paris, this liberal undoubtedly has one of the strongest minds in the opposition. As a future deputy from Paris, he also has the advantage of being young (40 years old) and not being Giscard d'Estaing. This is because any appearance that the infernal tandem of Chirac and Giscard has been reconstituted would have a disastrous impact.

Disadvantages:

This graduate of the ENA has the reputation of being a "technocrat" that has been exploited by his enemies, and particularly within the RPR, where a number of politicians have not forgiven him for the influence which he has. His lack of government experience could also be a handicap.

Outsider:

Valery Giscard d'Estaing (UDF).

Ministry of Foreign Relations : Valery Giscard d'Estaing (UDF)

Advantages:

The former chief of state has so unchallenged an international reputation that this would pose problems for Francois Mitterrand. And this portfolio would keep him from becoming too much involved in domestic affairs, where Chirac's supporters don't want to see him or have him get any credit.

Disadvantages:

The young Turks of the opposition are much more anti-Soviet than he is. Furthermore, by putting him in this position, there would be a second chief of state to put up with. However, he might turn this portfolio down. He wants to participate in the economic recovery program, regarding which he has his own ideas.

Outsider:

Simone Veil (UDF).

Ministry of the Interior : Robert Pandraud (RPR)

Advantages:

He is the (hidden) shadow of Chirac, whose personal cabinet he directs. He is a graduate of the ENA. A native of Puy, he spent many years in the Ministry of the Interior and was even director general of police. Our future deputy from the Department of Seine-Saint-Denis has kept up with "acquaintances" who will be essential in 1986 to reestablish order within the ministry and keep order outside it.

He is an old hand at the Ministry of the Interior and might have difficulty in asserting his authority. Also, some people would have preferred a politician like Jacques Toubon, to the extent that there will be a redrawing of electoral district boundaries to accomplish this. However, the secretary general of the RPR should be able to ensure the support of his own party.

Outsider:

Jacques Toubon (RPR)

Ministry of Justice : Simone Veil (UDF)

Advantages:

She has such popularity and so strong and attractive an image that she should be able to find her place in the cabinet. Her friendship with Chirac could push her forward, and her past experience as a judge and as adviser to the Ministry of Justice could bring her to this portfolio.

Disadvantages:

Her personal political positions are closer to those of Robert Badinter, the present minister of justice, than to those of the Right. And she is not the kind of woman to confine herself to performing ministerial duties which she has already held. She would present no problems in the Ministry of Foreign Affairs.

Outsider:

Michel D'Ornano (UDF)

Other Potential Cabinet Members:

Pierre Mesmer (RPR):

Advantages:

He is a friend of Chirac's, a former minister of the armed forces and a deputy from the Department of the Moselle. He would have no difficulty in imposing his authority. As a long-standing supporter of De Gaulle, his stature is such as to reassure and to make it possible for him to be acceptable to Mitterrand. The defense field is one of the cabinet sectors which is reserved to the president.

Disadvantages:

The man is not very enthusiastic about being in the cabinet. He has already been in the cabinet, and this was under De Gaulle! He would prefer to be the president of the RPR parliamentary group or of the National Assembly.

Outsider:

Robert Galley (RPR)

Alain Chevalier (UDF)

Advantages:

He is a graduate of the ENA but is also chief executive officer of Moet-Hennessy. This close associate of Giscard's has the desired profile and the contacts to get the support of French big business. Furthermore, he is well accepted by Chirac's economic counselors and has not been particularly affected by the Giscard period, as Rene Monory was.

Disadvantages:

Despite his "good appearance," his speeches have still not gone over very well. Furthermore, he has almost no political experience.

Outsider:

Rene Monory (UDF)

Albin Chalandon (RPR)

Advantages:

Assigned to an electoral district of the Department of the Nord with which he has had no previous contact and a former minister of industry, he has been working for ELF. He is recognized as a competent figure. His image as a "long-standing supporter of De Gaulle and Pompidou" suits him well to carry out the denationalization program successfully.

Disadvantages:

He has some connections with the Basques, the "supporters of Chalandon," and the scandal of the sniffer aircraft. And his age (65), although he bears up well, does not fit in with the desired kind of renewal.

Outsider:

Alain Chevalier (UDF)

Pierre Mehaignerie (UDF)

Advantages:

As minister of agriculture under Giscard, he made a good impression. His competence is admitted even by the socialists. He is a supporter of Raymond Barre and is president of the CDS. For Chirac it is absolutely essential for this deputy from the Department of Ile-de-France to be brought into the cabinet.

Disadvantages:

He has no wish to participate in a government experiment which he thinks is certain to fail. Furthermore, he would like and could perform other functions.

Philippe Seguin (RPR)

Advantages:

He is the son of a schoolteacher and attended the Ecole Normale before entering the ENA. He belongs to the Chirac "family." His youth (43 years old) and his abilities--both intellectual and physical--would make it possible for this deputy from the Department of the Vosges to succeed Minister of National Education Chevenement and to take on the FEN.

Disadvantages:

The man thinks and often acts on his own and is afflicted with a sensitive personality. He would therefore be difficult to deal with and would prefer the Ministry of Social Affairs.

Outsider:

Dominique Baudis (UDF)

Edouard Balladur (RPR)

Advantages:

As a former secretary general of the presidency under Pompidou and one of the most influential Chirac advisers, this future deputy from Paris is a skillful politician and a good technician. He should therefore lend some substance to the government and no problems, because he is unknown.

Disadvantages:

He is detested by many politicians--who have nicknamed him "Ballamou" [softie] and who criticize him for his softening influence on the mayor of Paris. Furthermore, he should come out of the shadows and make his mark quickly on the public.

Outsider:

Philippe Seguin (RPR)

Francois Leotard (UDF)

Advantages:

He is young (43 years old), bubbles over with ideas, and wants to put them into practice. This graduate of the ENA, who is deputy mayor of Frejus, has an excellent image. He still needs to develop it further to make it equal to his ambitions. He is secretary general of the PR. His party fully supports him.

Disadvantages:

His mad dog liberalism needs to be brought into contact with realities. He has indicated that he would only accept a "major ministry" and is not at all ready to "let himself be maneuvered around" by Chirac or by Giscard!

Outsider:

Pierre Mehaignerie (UDF)

Andre Rossinot (UDF)

Advantages:

He is a new man because of his age (46 years old) and his lack of past government responsibilities. He is deputy mayor of Nancyand is also credited with having a social conscience, since he is president of the

Valois branch of the Radical Party. Furthermore, this medical doctor likes to take on difficult problems.

Disadvantages:

Although he has made his authority stick in his own party, on the other hand he has not succeeded in providing himself with a public image. His support for Raymond Barre will lead him to refuse any government ministry in 1986.

Outsider:

Jacques Barrot (UDF)

Alain Madelin (UDF)

Advantages:

He is a thinker of the liberal group, number two in the PR, and deputy for the Department of Ille-et-Vilaine. He asks nothing better than to bring his ideas into contact with reality. He is 37 years old and also symbolizes the renewal of the opposition.

Disadvantages:

He could appear to be too provocative in dealing with small businessmen, particularly as he does not have the reputation of being a demagogue. His past responsibilities in extreme Right movements have not been completely forgotten.

Bernard Stasi (UDF)

Advantages:

He is deputy mayor of Epernay and has an excellent reputation in the French intelligentsia because he is always open-minded. He is suited to replace Jack Lang, socialist minister of culture, and may even want to do so. By including him, Chirac would be including a supporter of Raymond Barre.

Disadvantages:

He has been a Barre supporter from the beginning. He has not committed himself to participate in the government. Furthermore, he is an independent minded person who will not tolerate "any drift to the Right," in particular on the immigration issue. That is why Jean-Marie Rausch, a senator and mayor of Metz, is under serious consideration as an alternative to him.

Outsider:

Jean-Marie Rausch (UDF)

Bernard Pons (RPR)

Advantages:

This deputy from Paris and a former secretary general of the RPR is also a faithful supporter of the RPR. He is burning to serve Chirac and to be as near to him as possible. He is not one of the hardest of the hard Chirac supporters, like Didier Julia, a deputy in the National Assembly. Now, the situation in New Caledonia will demand a dexterity which this medical doctor already knows how to display.

Disadvantages:

He may aspire to more grandiose tasks that those in the government or in Parliament. He does not have a very good image in public opinion.

Outsider:

Robert Galley (RPR)

Also Mentioned As Possible Cabinet Ministers:

Emmanuel Aubert (RPR) : Veterans Affairs
Michele Alliot (RPR) : Universities
Dominique Baudis (UDF) : Research
Michele Barzach (RPR) : Health
Nicole Fontaine (UDF) : Family Affairs
Alain Lamassoure (UDF) : Transportation
Michel Noir (RPR) : Posts and Telecommunications
Dominique Perben (RPR) : Environment
Josselin de Rohan (RPR) : Maritime Affairs
Roger Romani (RPR) : Relations with Parliament
Andre Santini (UDF) : Interior
Francois Fillon (RPR) : Defense
Gerard Longuet (UDF) : Civil Service
Maurice Ulrich (RPR) : Government Spokesman

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CSO: 3519/89

JOSPIN DISCUSSES ELECTION ISSUES WITH REGIONAL PRESS

Bordeaux SUD-OUEST in French 31 Jan 86 p 3

[Interview with Lionel Jospin, first secretary of the Socialist Party: "The Platform of the Opposition Remains Harsh and Dangerous"; date and place not specified]

[Text] After Raymond Barre and Jacques Chirac, Lionel Jospin answers SUD-OUEST's questions in another major interview in the election campaign. For the first secretary of the Socialist Party, "the left in office, that too is the norm."

[Question] The polls reflect a "recovery" of the party that you lead. Isn't that a pleasant surprise?

[Answer] It is pleasant, but I am cautious. Polls do not all yield the same figures. Ture, there is an undeniable progress in the number of French people who intend to vote for the socialists and an improvement in Francois Mitterrand's own popularity. We must intensify this trend through the election campaign until 16 March.

These encouraging signs, observed with a clear mind, also cause me to wonder whether the French are as set in their opinions as we could believe a few weeks ago. Many of those who formed an opinion during the past few months are now changing it, and rather in our favor.

[Question] To what or to whom do you attribute this change? Did the president of the Republic's engagement really play the part it is said to have played?

[Answer] I believe that several things came into play. First, we are verifying something that we always said: the citizens'electoral behavior is not the same in intermediate elections and when their votes must express a choice. Also, they are rediscovering that the Socialist Party is a good campaign party which knows how to mobilize in the field. I would add that the right has made such a caricature of our administration that the results we did achieve assume additional relief: their talk about "disaster socialism" are contradicted by the facts, and the French people are beginning to notice it. Finally, Francois Mitterrand decided to express his opinion before the official start of the campaign, and this was an incentive for voters to reconsider things.

We Made a Major Effort to Modernize the Economy

[Question] Would you be tempted to say that the opposition does not have a chance to win?

[Answer] I want to keep an open mind. Until now, the opposition has retained a majority in the polls. But we must draw the French people's attention on its attitude. It is very much divided. Its program is not favorable to most of the French people, and I would be glad if someone would explain to me which category of citizens--apart from the most privileged--could benefit from its proposals.

[Question] At the Grand-Quevilly meeting, the president of the Republic made again a distinction between "the poor and the rich." Do you seriously believe that the opposition platform is for the rich?

[Answer] This platform is said to be set back from the ideas that circulate in the opposition. In spite of that, it remains harsh and dangerous. The UDF and RPR officials who signed it understood that some of our reforms were taboo and that public opinion would not accept any reversal: retirement at 60, 5th week of paid vacations, etc. The paradox is that, since they cannot touch these, they are going back on social benefits acquired before we came into office. Let's just mention the fact that they are challenging the administrative authorization of layoffs...

[Question] The opposition is proposing to challenge it to fight unemployment. Isn't that a useful measure?

[Answer] I do not believe that being able to lay off workers more easily will be an incentive for employers to hire. The number of people who would lose their jobs as a result of such a measure has even been estimated at 200,000.

[Question] Let's be more precise. Do you believe that the liberal opposition is on the wrong track when it bases the resumption of growth on the confidence that measures of this type would induce in business circles?

[Answer] Absolutely. Full price deregulation can have only unpleasant consequences for consumers. The abrogation of the Quilliot law and of rent control will result in rent increases and a restriction of tenants' rights.

As for jobs, no good can be expected from a system that would intensify precariousness and multiply set-time contracts. I shall even go further: such determination to restrict workers' rights runs counter to the whole philosophy of the first half of the 20th century. Economic history has shown that performance was highest in enterprises where salaries were relatively high and union activities considered as an element in the dialogue. Any other conception of the economy amounts to a return to the 19th century.

[Question] Speaking of platform, your role is difficult. For you must assume responsibility for the results. Do you think you can make the public forget certain failures, such as the fight against unemployment, the reduction of compulsory deductions or the trade-balance deficit?

[Answer] Let's first talk about the compulsory deductions. It is true that they were not reduced by a full point in 1985. But even the opposition cannot deny that they were indeed reduced. It is the socialists who checked their increase and started reducing them for the first time in 10 years.

As far as tax reductions are concerned, it is still more obvious: the president's commitments were scrupulously fulfilled. I am asking all those whose income did not increase--for instance as a result of promotion--to compare their tax bills. For an equal income, taxes decreased from one year to the next.

Let's now talk about unemployment. This is one of the strongest subjects of discontent. Rightfully so. However, unemployment decreased for the first time in 16 years. It is not a miracle, but the trend was reversed. The most accurate analyses show that a progressive reduction can be expected if the present policy is continued.

As for foreign trade, it is an old French sore: when I was a student, 25 years ago, our country was already living with a deficit problem.

But since that time the weight of foreign trade in the economy as a whole has doubled so that the problem has become a still greater cause for concern. We made a major effort to modernize the economy, so that it should be possible to resolve the problem progressively, provided we approach a higher growth rate with a strong franc and low prices. Eventually, French enterprises should be more competitive not only abroad but also at home in the face of foreign competition.

Social Protection: The French Must Pay the Price

[Question] Jacques Chirac has always acted as the advocate of a reduction of compulsory deductions. Do you think that this is a theme that you, socialists, should also advocate?

[Answer] Chirac's contradiction is that we are living in a country where 85 percent of the people are workers, but he wants to reduce taxes only for a few hundreds of thousands of high-income taxpayers. A tax reform in favor of the rich, in short. Unless he pays attention to taxpayers as a body, he will not achieve any significant reduction of compulsory deductions.

It may sometimes be simplistic to oppose the rich and the poor but, in this case, it is not. And this indeed is exactly what the president of the Republic pointed out. If he is in a position to go on with his task with a government headed by the socialists--an assumption which is not yet the most realistic but is the one for which we are fighting--it will be easier for us to solve the problem of compulsory deductions, provided the economy grows at a satisfactory rate.

[Question] Must we also rely on a good rate of growth to keep the Social Security system afloat?

[Answer] Social Security projections are always hard to make. But the major problem of Social Security is that it is at the core of a societal choice. All opinion polls show that the French are very much attached to Social Security. Therefore, they must accept to pay the just price for consistent social protection.

Some countries, the United States for instance, do not have any equivalent system and millions of people live with no social protection. If you want to head for that type of society, you should say so clearly. This is not what the right is doing. In that chapter of its platform, its pen becomes cautious... But if you decode it, you will note that it provides for a massive entry of private insurance companies into the system, which will encourage distinctions between the active and the less active, the young and the old, people "at risk" and those who are in good health.

Elderly people are concerned about their security on the street and at home. But they must also think of their security in terms of health or retirement. It is not in their best interest to have criteria reserved for the computation of private insurance intrude into the social protection system. Such an operation would leave them out in the cold, the inevitable victims of the opposition's policy in this respect.

[Question] Plain security is another major theme in this campaign. Are you satisfied with the socialists' results in this respect; what do you think of alternate sentences, of the (very controversial) policy implemented by the socialists in this respect--let's mention only the polemic around alternate sentences?

[Answer] Insecurity is a social issue, linked in particular to urban life and it is not primarily the result of major criminality. The latter was fought with effective and steadily strengthened means. The feeling of insecurity in cities is essentially linked to petty delinquency. It ought to be everybody's concern.

For instance, I believe that things would not be any worse if some French film-makers and actors would produce fewer crime stories and not idealize criminals as much. After all, there are other film subjects, especially for those who--paradoxically--support parties whose specialty is tirades on security.

Alternate sentences got their name from the fact that they replace the death penalty. I cannot imagine that they would apply to petty delinquents in cities. You can't sentence the guy who yanks people's chain bracelets to life in prison. Hence the difficulty of the task.

Prevention must also play its part; you can compare delinquency figures for Dreux, where the National Front is associated to the municipal council, and for Epinay whose socialist municipal council has become an expert on prevention. They are decidedly in our favor. What has changed between 1981 and 1982 is not that criminality has increased, it is that it has become an issue in the election battle...

No Discrimination Among the French

[Question] Another major issue of the campaign is immigration. Is it not a necessity to tackle certain burning issues, like that of the insertion of the second generation? Didn't you also appreciate the fact that the Christian Democrat trend in the opposition spoke up?

[Answer] Honestly, this Christian Democrat trend which is said to be more liberal, more inclined to reform, has absolutely no political expression. It does not fight. It has been fully absorbed by the conservative right. It is also amazing to see how the heirs of a major trend have thus got into a dead end and are fading away into the conservative nebula.

The least they could do was to get satisfaction on the issue of discrimination in the allocation of social benefits which the RPR and the UDF want to introduce in our country for the first time. Otherwise, all they could have done would have been to go home.

But let's face the facts: the opposition platform reflects motivations of electoral opportuniy. For our part, we do not want any discrimination among the French. A large part of the immigrant population is at home here because they have French citizenship; the other part, those who remain foreigners, must be welcomed and accepted as is proper in a democratic and humane society.

We also propose to improve the control of migratory flows and to provide help to those who want to go back home, without imparting any harshness to these measures. As fas as naturalization is concerned, we should not act with undue haste. It must not become Hobson's choice. In our plaform, we also mention the possibility of giving immigrants the right to vote in municipal elections, but we must first take into consideration the legal and constitutional angles of the issue.

I Will Not Fool With the Extreme Right

[Question] Let's come back to what your attitude will be. Have you entirely ruled out the possibility of staying in office with the help that you could get from the communists in the future assembly?

[Answer] We associated the communists to goverment in 1981. But we did so based on our platform and our orientations. We demonstrated that having communists in the government would not influence our decisions on matters of human rights, French security, etc.

There can be no change in this respect. There would be fewer problems in the future in proportion as communist influence has been reduced. I make it a principle never to rule out anything. But coming in, getting out, coming back, that looks confusing... It takes more than a succession of tactics to make history, especially when these tactics contradict one another. Let the communist leaders put some order in their line of thought!

[Question] Do you think that they will get more votes than Jean-Marie Le Pen's supporters?

[Answer] I hope so, because I hope that the National Front will dwindle. You may think that it is taking votes away from the UDF and the RPR. It is also borrowing voters from the working class in urban areas. I am one of those who will not fool with the extreme right. As a citizen who experienced war when a child, as a political leader, I believe that we should not try and be smart with such dangerous and pernicious phenomena. We must fight them and do our best to reduce their influence.

On that point, the moral approach agrees with political realism--I am convinced of that.

[Question] Is French society mature enough to live with a large social democratic party representing roughly one third of the electorate?

[Answer] It is increasingly accepting the idea that a large party bringing together workers and other layers of the population is practising a socialism of freedom. I am convinced that it is going to carry this party much further. The question is whether it will do so already on 16 March.

For the first time, the socialists are running after 5 years of administration. This had never occurred before. And I must admit that I do not know exactly what feelings this arouses in public opinion. The French have discovered that "the right does not have to be the norm."

The left in office, that too is the norm. It lasted 5 years. It may last 7 years or more. I was struck by the extent to which the right had to retreat in its platform from the ideas of its leaders. It does not dare to come forward openly: this demonstrates the existence of an incipient reversal in the debate on issues in France. Liberalism makes people uneasy.

[Question] If you achieve a score that is honorable but precludes you from staying in power--the most likely assumption, even in case of a strong recovery--won't you be sorry that you gave up election on a majority basis?

[Answer] No, I don't think so. No mode of election is perfect. I am not at all convinced that the entire opposition would be in a hurry to return to election on a majority basis. In spite of their official position, the principal opposition leaders diverge on this issue. We introduced proportional representation in our platform in 1971 out of concern for justice.

We have not changed our mind. The dual polarization which the presidential election created in France should not occur in all elections: we also need more open consultations. That of the forthcoming 16 March is more open than is thought. In this campaign, I want to help the French make an enlightened choice.

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POLL RESULTS ON POLITICAL PREFERENCES, GOVERNMENT EFFICIENCY

Athens PONDIKI in Greek 6, 13 Dec 85

/6 Dec 85 pp 6, 7/

/Text/ PONDIKI publishes an exclusive today on a much-discussed poll which caused many comments and discussions this week and became a major subject in some of the newspapers of the Right.

Background: Two Sunday's ago (24, 11) VIMA editor Khr. Bousbourelis wrote in his regular political column: "This column has a terrible suspicion. It appears that K. Laliotis has some intuitive or other knowledge of certain data which became known to this writer late Friday evening. The data deal with the early assessment of a very recent--after the cold shower of the economic measures--public opinion poll conducted by the steadily reliable company EURODIM of Pan. Dimitras. According to this poll the popularity of Premier A. Papandreou remains unsmirched."

Last Sunday Bousbourelis came back writing about a poll which shows that the premier's popularity remains undamaged (around 44 percent) while that of his government has been mortally wounded (reaching just 32 percent).

Massavetas wrote an article in KYRIAKATIKI ELEVTHEROTYPIA under the title, "What is the Meaning of PASOK's New Orientations?" The publishers made clear that they "do not share the assessments and views /expressed in the article/ but they publish them "as a show of respect for the principle of pluralistic and free expression by its staff."

The article spoke of PASOK losses, emphasizing that Andreas "knows them well from the findings of a strictly confidential poll conducted recently which shows that he is ahead in popularity from his 'eternal opponent' K. Mitsotakis /the ND leader/, but which also shows PASOK's popularity seriously reduced."

That was all that was needed! Next day (Monday) the newspapers of the Right drew their swords:

VRADYNI and MESIMVRINI made it their main subject, as you can see from the pictures. VRADYNI further added that Andreas "is removing seven ministers."

(Apparently they thought that since he is falling down he might as well dump some weight to fall more easily...)

APOGEVMATINI deals with it on its last page and refers to a "secret poll." On Tuesday the newspapers came back.

VRADYNI as a matter of fact wrote the astonishing report that...The Central Information Service /KYP/ conducted the poll "on behalf of Andreas Papandreou!!" By contrast, MESIMVRINI noted that the poll was conducted by EURODIM, as other newspapers also wrote. When asked, the government spokesman said: "I have no knowledge of this."

We found and publish today the notorious poll as a matter of journalistic interest: it was the "subject of the week" and it would have been...an omission on our part to ignore it! Anyway, it is astonishing that so much is being said (and so many inaccuracies being written) about a poll... phantom!

It is necessary to clarify a few things from the very beginning:

1. The poll is not...ours. That is, we did not order it. We searched for it and found it following the published reports.

2. We have serious reservations about the conclusions to be drawn from it, because (as it happens in other polls) the sample is small and has a greater margin for error. Therefore, the figures must be read not as exact measurements but as probable indications of the current trends in the electorate.

--The poll was conducted only in the Athens area. Therefore, indications given by the poll refer to only a specific part of the population--not all the people. Of course, one may assume there is some similarity in behavior, but there are also some deviations which occasionally are considerable.

--The companies which prepare the questionnaires can...lead (extract, if you prefer) the answers by the way they formulate the questions. Even the... tone of voice (of the specially trained interviewers) may affect the answer.

Specifically for this EURODIM poll, the areas selected are precisely those where PASOK registered losses last June. (We still do not have data concerning the social stratification of the respondents.) Therefore, these figures must be read with great care since they are not a panacea but a simple (and not very reliable) compass.

The respondents were invited to answer a total of approximately 80 questions starting with the simplest (sex, age, family situation) which serve purely statistical (for the poll) goals, reaching (in addition to those published by PONDIKI) other phases of subjects such as:

--Their views on the way the organization of society should be changed;

--On the country's foreign policy;

--On their opinion of the U.S. and USSR; and

--On the newspapers and periodicals they read.

The questions we present in this issue refer to:

--The present strength of the parties;

--The picture of the parties; and

--The popularity of the political leaders.

In the next issue in this series we will focus on the answers to questions referring to:

--The most important problems today;

--The economic measures; and

--Their effects and their acceptance by the people.

In addition, we give a few data concerning the strength of the parties: the most basic table is the one giving the intention to vote (Table 1), that is, what they would vote for in the capital area if elections were held today. This table should not be compared to the results of previous elections throughout the country, but with results in the capital area which were as follows (the figures are rounded and correspond to the parliamentary elections of 1985, the Euroelection of 1984 and the parliamentary election of 1981):

PASOK	44%	38.5%	47.5%
ND	38	35	29.5
KKE	13.5	15.5	16
KKE-Int.	3.5	6	2.5

Let us see now what the poll shows (we have already given a long preface).

1. The (basic) Table 1 /see last pages of this part/ shows that in relation to the results of the June election:

a. PASOK appears to have a decline from 44 percent to 32 percent. The gain from the PASOK loss is shared by the parties of the communist Left and the "undecided".

b. The Right remains at exactly the same level (32.5 for ND plus 5.5 percent for the Democratic Renewal Party /DI-ANA/ with a total of 38 percent, exactly as in June).

c. KKE appears to have gained (16.5 percent) to the level of the 1984 Euroelection and the 1981 parliamentary election.

d. KKE-Int. also shows a rise (5.5 percent), going back to the 1984 Euroelection level.

e. There is also a rather small percentage (7 percent) of undecided (we classify as undecided for convenience those who did not reply to the question concerning the vote, although at times some of the undecided are interested and know more about politics than many "decided") who come almost in their entirety--5 of 7 percent from those who voted for PASOK last June.

2. In the event these figures are valid, the situation is not as bleak for PASOK (certainly not to the extent portrayed by the newspapers of the Right) and this for three basic reasons:

a. The overall correlation of forces between the Right (ND--DI-ANA) and the Left (PASOK, KKE, KKE-Int.) remains the same as in June. As long as this correlation does not change, the possibility for a return of ND to power does not exist (thank God!). This is understood by the ND people; the more sober among them (KATHIMERINI) did not "celebrate" for the poll as the more extremist papers did (VRADYNI and APOGEVMATINI).

b. The poll data apply only to the Athens region (as we said at the outset) where in the past (immediately after the first postponement of the Automatic Cost of Living Increase /ATA/, end of 1982, beginning 1983) PASOK had shown a corresponding decline which it was able to offset later and attain the electoral results of 1985. Moreover, there is no indication of changes (or lack of them) in the provinces.

c. Andreas, who continues to be PASOK's basic electoral and political asset, continues to impressively surpass in popularity the ND leader (44 to 29 percent).

3. Tables 3, 4, 5, 6, and 7 show:

a. Andreas is suffering the effects of decline caused by being in office. Of course, 44 percent (Table 3) continues to have a good opinion of him, but the positive views come mostly from PASOK voters (87 percent in the same table) and do not extend throughout the political spectrum as in the past. The data of these tables, if they are proven correct in the future, could become worrisome for the premier.

b. The president of the Republic does not suffer the decline experienced by the premier, since 50 percent of the respondents have a good opinion of him.

c. Karamanlis is first in popularity (53 percent in Table 3).

d. Today Mitsotakis has become the "number one" danger for ND. This is derived not only from the fact that his popularity barely reaches 29 percent (compared to 44 percent for Andreas who moreover takes the brunt of being in power), but also by the fact that no one else except ND followers have a good opinion of him (and...rightly so!). Florakis wins ND followers more easily than Mitsotakis wins any PASOK followers!

Now, more analytically:

--PASOK: Its decline (according to EURODIM) is due to the fact that one out of every four voters who voted for PASOK (last June) is not ready to vote for it again (Table 1). One should examine where do these voters go (corresponding to 10-11 percent of the electoral system). As we mentioned above (Table 1) they are divided into two equal sizes:

--Approximately half of them said they would vote for the communist Left (in June 9 percent of PASOK voters said they would vote for KKE and 4 percent for KKE-Int.).

--The other half (12 percent) of the June PASOK voters appear to be undecided.

The displeasure with PASOK as reflected in its decline from 44 to 32 percent gains in significance by this fact: Only 66 percent of PASOK voters believes that PASOK better serves the interests of the working people (Table 2). On the other hand, 28 percent of the June PASOK voters consider the parties of the communist Left (20 percent KKE and 8 percent KKE-Int.) as representing the interests of the working people better than PASOK (their party).

Moreover, 68 percent of the June PASOK voters believe that the best government is an autonomous PASOK government (Table 11). On the other hand, 21 percent of them would prefer a coalition government with the communist Left (9 percent with KKE, 5 percent with KKE-Int. and 7 percent with both parties).

Now with regard to Andreas: Table 5 shows that 22 percent of the June PASOK voters appear to be displeased with Papandreou, while the displeasure of the non-PASOK voters reaches high levels:

97 percent are ND followers
92 percent are KKE followers
91 percent are KKE-Int. followers

Of course, his popularity of 44 percent (Table 3) in comparison to the rest of the...fighting politicians (excepting the present and past presidents of the Republic) is much better (next in popularity is Rallis with 32 percent), in contrast to the opinion of the voters when he was premier (37 percent in Table 5).

The difference in the percentages shown in the two tables is due to different formulations of the question.

In one (3) the respondents are asked their opinion of Papandreou as a politician and in the other (5) as a "premier in office."

The difference (42 to 37 percent) represents the wear and tear the image of a politician undergoes by being in the post of premier.

Now a few words about Table 8: Not one of those "PASOK politicians" who might become "second in command under Andreas" appears to get more than 15 percent. Only Alevras gets this percentage.

He is followed by Gennimatas (13 percent), Tsokhatzopoulos (10 percent), Arsenis, Kharalambopoulos and Koutsogiorgas (9 percent each).

More specifically: The PASOK followers prefer Tsokhatzopoulos (17 percent); the ND followers prefer Alevras (21 percent) as do some of KKE (15 percent). The KKE-Int. followers prefer Gennimatas (34 percent) with Laliotis second (14 percent).

In the area of the Right: The EURODIM figures show no significant shift of PASOK voters toward the rightists.

Table 1 shows that only 2 percent of those PASOK voters who were questioned (that is, less than 1 percent of all voters) said they would vote today for ND or DI-ANA. This percentage is low and shows no shift at all to the Right. Instead it shows that the Right (Mitsotakis and Stefanopoulos) is limited to the June followers.

The same picture is shown by the figures of Table 2 where only 2 percent of the June PASOK voters consider ND and DI-ANA as serving the interests of the working people.

The Right appears to be divided not only at the top but also among the rank and file where the percentage of DI-ANA is small (5.5 percent) but not negligible. Twelve percent of the ND voters (Table 1) stated that in a new election they would vote for the Stefanopoulos party /DI-ANA/. In fact, Stefanopoulos himself appears to be more popular than his party (29 percent in Table 3), while 16 percent of the ND followers consider Stefanopoulos as a more suitable leader for them, while 57 percent have a good opinion of him, despite the party break up.

For ND, Mitsotakis remains the major handicap. Of course, "they asked for it" since (Table 3) 76 percent of the ND followers have a good opinion of him in contrast to the voters of other parties who have the worst opinion (only 2 percent of PASOK, 1 percent of KKE and none in KKE-Int. have a good opinion). Moreover, Mitsotakis appears to be the most controversial leader in the eyes of his party followers since only 76 percent of ND followers have a good opinion of him. The corresponding percentages (Table 3) for the others are: Andreas (87 percent of PASOK followers have a good opinion), Florakis (91 percent of KKE voters), and Kyrkos (100 percent of KKE-Int.).

Of course, when ND voters were asked whom they would like to have as ND leader (Table 7), the percentage falls (only 51 percent like him at the helm), but beyond that...chaos since Stefanopoulos (now the leader of DI-ANA) receives 16 percent! Finally, one of every four ND voters does not have a good opinion of Mitsotakis, and one in two does not want him as party leader!

In the area of the communist Left the data show KKE and KKE-Int. in a better position compared to the June elections: KKE is at the level of the 1981 election and the 1984 Euroelection, and KKE-Int. is at the level of 1984.

Specifically, KKE appears to gain voters from the area of PASOK (9 percent in Table 1); 20 percent of them consider Florakis' "reds" as better defending the interests of the working people (Table 2); and 16 percent wish to have a coalition government--PASOK-KKE (Table 11)--together or without KKE-Int., while Florakis' popularity is higher than the strength of his party (23 percent in Table 3).

For both parties (KKE and KKE-Int.) the poll seems to suggest that those who in 1985 abandoned them for PASOK have second thoughts (Table 1). At the same time there is an "extremely interesting" group of PASOK respondents who said they are undecided and who might shift to the Left.

For KKE-Int. Tables 9 and 10 are of particular interest, where it appears (Table 9) that all others (58 percent of KKE respondents, 57 percent of ND followers, and 42 percent of PASOK followers) favor a change in its title, something which the majority of KKE-Int. followers (66 percent) does not desire.

Even more strange (Table 10): Should it change its name, a significant portion of voters from the other parties say the possibilities of voting for it will increase (one in four PASOK followers; one in five ND followers(!); and one in ten KKE followers), something which does not apply to its present voters who say that if it changes its title the chances of voting for it again will go down (43 percent).

The president of the Republic, Khr. Sartzetakisi shows (Table 4) a high level of acceptance not only by PASOK voters (86 percent), those who voted for KKE (44 percent), KKE-Int. (54 percent), and even by approximately 1 in 10 ND followers (11 percent) in spite of the furious war waged against him by the Right and (especially) by its newspapers.

In contrast to Mitsotakis, K. Karamanlis appears to enjoy considerable popularity even among PASOK voters (in Table 3, 34 percent of PASOK respondents have a...good opinion of Karamanlis!). These PASOK followers, together with almost the entire number of ND followers (95 percent) raise the level of popularity of the former president to 53 percent; that is, above that of Sartzetakis and Andreas.

This is the "political section" of the much-discussed poll, with our analysis of the data by Eurodim which identifies this poll as follows:

"This poll was conducted between 19 and 25 November 1985. The sample consisted of 600 persons living in the Athens-Piraeus area who were selected by the method of quotas by sex, age, area and election district so that all population categories could be represented proportionally. This method, exclusively used by EURODIM in Greece, ensures the best possible representation of the sample.

"EURODIM has signed the International Code of Practice for Market and Public Opinion Polls of the ICC/ESOMAR (European Union for Market and Public Opinion Polls). All EURODIM polls are conducted in accordance with the regulations of this Code. EURODIM assumes the responsibility for all data which was processed by the electronic computers of the PRIME company which has special programs for social polls."

Table 1

If the Election for a Greek Parliament Were Held Again Today for Which Party Would You Vote?

	ND	DI-ANA	PASOK	KKE-Int.	KKE	No Answer
Total %	32.5	5.5	32.0	5.5	16.5	7.0
Party they voted for in 1985:						
ND	86	12	0	1	0	4
PASOK	1	1	73	4	9	12
KKE-Int.	0	0	5	89	0	6
KKE	0	1	0	0	97	2

Table 2

Regardless of Which Party You Vote for Which Party Do You Think Better Supports the Interests of the Working People Today?

	ND	DI-ANA	PASOK	KKE-Int.	KKE	No Answer
Total %	29	4	30	7	24	6
Party they voted for in 1985:						
ND	79	8	1	1	3	8
PASOK	1	1	66	8	20	4
KKE-Int.	3	0	6	83	8	0
KKE	0	0	0	0	99	1

Table 3

Popularity of Politicians

(Do They Have a Good or Very Good Opinion About Each of the Following?)

	Sartzetakis	Karamanlis	Papandreou	Mitsotakis	Florakis	Rallis	Kyrkos	Averof	Stefanopoulos
Total %	50	53	44	29	23	32	24	28	29
Party they voted for in 1985:									
ND	9	95	6	76	4	77	13	72	57
PASOK	89	34	87	2	18	6	27	4	15
KKE-Int.	84	14	23	0	20	9	100	6	9
KKE	43	7	14	1	91	1	14	0	5

Table 4

With Sartzetakis as President of the Republic Are You:

	Much or Sufficiently Satisfied	Little or Not at All Satisfied	No Answer
Total %	50	44	6
Party they voted for in 1985:			
ND	11	83	6
PASOK	86	10	4
KKE-Int.	54	37	9
KKE	44	52	4

Table 5

With Papandreou as Premier of the Country Are You Until Now:

	Much or Sufficiently Satisfied	Little or Not at All Satisfied
Total %	37	63
Party they voted for in 1985:		
ND	3	97
PASOK	78	22
KKE-Int.	9	91
KKE	8	92

Table 6

With Mitsotakis as Leader of the Major Opposition are You Until Now:

	Much or Sufficiently Satisfied	Little or Not at All Satisfied	No Answer
Total %	28	70	2
Party they voted for in 1985:			
ND	71	26	3
PASOK	3	95	2
KKE-Int.	0	100	0
KKE	1	98	1

Table 7

Who Do You Think is Better as ND Leader?

	Averof	Varvtsiotis	Evert	Mitsotakis	Boutos	Rallis	Samaras	Stefanopoulos	No Answer
Total %	8	3	4	25	5	13	2	24	16
Party they voted for in 1985:									
ND	9	1	4	51	2	12	1	16	4
PASOK	8	3	3	12	8	16	2	30	18
KKE-Int.	6	8	3	3	0	8	6	26	40
KKE	3	4	2	9	11	6	2	26	37

Table 8

It is Probable That in the Near Future a PASOK Cadre May be Elected as Deputy Leader to Papandreou. In Your Opinion Which PASOK Politician is More Capable for This Position?

	Alevras	Arsenis	Avgerinos	Gennimatas	Koutsogiorgas	Laliotis	Simitis	Tsokhatzopoulos	Kharalambopoulos	No Answer
Total %	15	9	5	13	9	6	7	10	9	17
Party they voted for in 1985:										
ND	21	9	2	11	8	2	6	6	10	25
PASOK	12	10	7	14	9	7	8	17	8	8
KKE-Int.	3	11	3	34	3	14	0	6	9	17
KKE	15	5	12	11	8	6	6	8	4	25

Table 9

Much Discussion is Going on Today About the Future Course of KKE-Int. Which One of the Two Solutions Do You, Personally, Consider Better. Should KKE-Int.:

	Keep Its Present Title and Structure?	Change Its and Abandon Its Communist Character?	No Answer
Total %	24	48	28
Party they voted for in 1985:			
ND	12	57	31
PASOK	30	42	28
KKE-Int.	66	26	8
KKE	19	58	23

Table 10

If KKE-Int. Changes its Title and Abandons its Communist Character, the Possibility of Voting for it Someday:

	Will Increase	Will Stay the Same	Will be Reduced	No Answer
Total %	20	61	9	10
Party they voted for in 1985:				
ND	19	70	0	11
PASOK	24	53	11	12
KKE-Int.	17	40	43	0
KKE	9	76	9	6

Table 11

What Form of Government is Better for the Country Today?

	ND-EPEN*	ND	PASOK-ND	PASOK	PASOK-KKE-Int.	PASOK-KKE	PASOK-KKE-KKE-Int.	No Answer
Total %	2	32	6	30	5	13	5	7
Party they voted for in 1985:								
ND	4	86	7	1	1	0	0	1
PASOK	0	1	7	68	5	9	7	3
KKE-Int.	0	3	3	0	66	0	17	11
KKE	0	2	0	0	0	66	5	27

* EPEN - National Political Union

/13 Dec 85 pp 8, 9/

/Text/ Today we publish the second part of the poll...phantom which the newspapers reported without having seen it at all! It is the poll EURODIM conducted (one of the four it conducts annually) between 19 and 25 November 1985 /see above for EURODIM's description of the poll/.

Today we shall comment on the answers given to questions about a) the current most important problems and b) the economic measures, their impact and acceptance by the public.

The poll included answers on other subjects (such as the manner of changing the organization of society, the country's foreign policy, opinions on the U.S. and USSR, answers about newspapers and periodicals) which we left out. The reservations we stated in the first part of this series naturally are also valid today...

The Economic Measures Are Biting

The basic conclusions from the first part of the poll--PASOK's decline from 44 to 32 percent with...return of the voters to the communist Left; stagnation of the Right (and its political parties) to last June's levels (38 percent); and a trend among PASOK voters (one out of every four) to leave the party--are supplemented by an important observation derived by the tables we publish today: The government's credibility has been seriously damaged since (as seen in Table 6 and others) two out of three respondents (69 percent) believe the government knew before the elections the seriousness of the problems but concealed them from the people in order to win the elections.

The main thing which should concern the PASOK followers is (according to the EURODIM data) the magic fraction of one to four which we see dominating all the poll tables and which represents the percentage of PASOK voters (last June) who have a tendency to abandon it due to:

1. The problem of the government's credibility (Tables 6 and 7).

2. The ineffectiveness of the government policy on burning problems--unemployment and inflation--with which the people are today concerned (Tables 2, 3, 4 and 5).

3. The assessment about the level of the political life ("functioning of the democratic system," Table 13) which is low (59 percent of the respondents are slightly or completely dissatisfied. Of these, 23 percent are PASOK followers!).

By contrast, progress in any sector is recognized not only by the PASOK voters but others as well as proved by Table 2 which shows that a high percentage of respondents (40 percent) believe the government policy in the area of informing the citizens was sufficiently satisfactory. This element assumes greater importance if we take into consideration the fact that the poll was conducted between November 19 and 25 when:

--The state TV (ERT-1) was covering in depth and objectively the burning issues of the day (the Polytechnic School events, the assissination of a 15-year old, etc.).

--The whole world now knows the real reasons why the appropriate deputy minister and the leadership of ERT-1 resigned. More analytically:

According to the figures of Table 1, for two-thirds of those asked inflation (38 percent) and unemployment (30 percent) are the country's most important problems, while the so-called "foreign issues" are important only to 15 percent (8 percent on relations with Turkey and 7 percent on relations with NATO and the U.S.).

--The ND followers consider as important the question of inflation (56 percent), while the followers of the communist Left consider unemployment as such (47 percent) among those who voted for KKE (46 percent) and KKE-Int. What does this mean? It means that the affluent ones (who naturally vote for the Right) are afraid they may lose their wealth while among the others who are either unemployed or are facing the risk of losing their jobs (many of them vote for the Left) prevails the uncertainty of unemployment.

--The PASOK followers are divided: Inflation prevails among 37 percent of them while unemployment prevails among 30 percent.

--Characteristic is the view of the PASOK voters on foreign issues. Only 11 percent (5 percent on our relations with NATO and the U.S. and 6 percent with

Turkey) considers these issues as the most important problems. At this point a (necessary) observation: The way the question was submitted (especially on the questionnaire where, besides the question, "What in your opinion is the country's most important problem," and "From the information I'll read you"--two phrases which do not appear in the Tables) in essence forces the person asked to answer on a limited circle of subjects instead of asking him (without commiting him), for example: "What is the country's most important problem?" Perhaps this is the reason why Table 1 on the country's most important problem does not include questions on health and education.

The government policy is characterized as unsuccessful (Table 2) on these problems (inflation and unemployment), which are considered the most important. Only 14 percent of the respondents consider such policy as "much or sufficiently effective" for fighting inflation and unemployment.

On the contrary, government policy is considered by the respondents as successful on issues which are not as burning: health (48 percent), foreign affairs and education (41 percent) and salaries and pensions (37 percent).

Even the followers of other parties consider as most successful the policy in the health sector where the percentages are higher compared to other issues (PASOK: 86 percent; ND: 12 percent; KKE: 32 percent and KKE-Int.: 32 percent). This, perhaps, explains /Minister of Health/ Gennimatas' big percentage in Table 8 of the previous article (on the question about the future deputy leader of Andreas) where he has a higher percentage (13 percent) than any other active minister except Alevras (15 percent) who, as speaker of the Chamber of Deputies, is not subject to the daily governmental wear and tear.

In these sectors (health, foreign policy, education and pensions) no party, with the exception of PASOK, has a high opinion. In other words, the overwhelming majority of the followers of the rest of the parties do not consider as successful any sector of government policy.

On the other hand, not even one-third of the PASOK followers are satisfied with the way government has coped with smog (only 14 percent think it has been conquered), or with inflation (30 percent) and unemployment (29 percent). That is, the majority of the PASOK followers does not think the government has dealt with the most serious problems correctly. This is the reason, perhaps, why the economy ministers are not so popular (among the PASOK followers as Table 8 of the previous article shows: Simitis 8 percent and Arsenis slightly higher with 10 percent, maybe because he managed to leave the post, thus gaining some sympathetic votes).

A large percentage of those asked (39 percent, Table 3) considers the present PASOK government as responsible for the country's economic problems. Of course, to a large extent, this percentage is affected by the high percentage of ND followers (85 percent) but it is also worth noting that there is a significant percentage (about one out of four) among the followers of the communist Left which holds the present government responsible.

The above could also be associated with the figures of Table 4 where the majority (52 percent) considers as "unjustified" (despite existing problems) the government's recent economic measures. Among them (again the magic number!)...about one out of four (29 percent) is a PASOK follower!

More unfavorable is the picture of Table 5 which reflects the pessimism about the effectiveness of these measures: 57 percent (compared to 33 and 10 percent of those who did not answer) of the respondents believe these measures will not help the Greek economy out of its crisis. Most among these pessimists (89 percent) are ND followers who are followed by the communists (85 percent), then by the "Elitistes" (as Andreas calls them) of Kyrkos /KKE-Int./ and finally and as usual by one out of four PASOK followers. On the contrary, only the PASOK followers express pessimism, but in a limited number (66 percent).

The picture given up to this point by the poll has a direct implication on the credibility of the government:

a. The great majority of those asked (69 percent, Table 6) thinks the government knew before the elections that the situation was critical but concealed the fact in order to gain votes. This is not only the view of the overwhelming majority (if not the total) of the followers of the other parties (ND, 98 percent; KKE, 93 percent; KKE-Int., 83 percent), but also of a very large percentage of PASOK followers (35 percent).

b. Almost the same picture is given by Table 3 where again 69 percent of the respondents who believe the government does not keep its promises, compared to 26 percent who believe it keeps them, while the percentage of the PASOK followers who are losing faith in the promises of their own government climbs to 37 percent.

A natural consequence of the above is the "rather negative" picture of the entire government work during the 1981-1985 4-year period (53 percent finds it negative and 46 percent positive, Table 8).

The percentage of PASOK followers who considers the picture as positive is very high (91 percent). Yet, when asked to express their opinion about the government which was formed after the recent elections, this percentage drops to 62 percent. This opinion of the PASOK followers, taken in conjunction with the negative opinion of the voters of other parties (ND, 96 percent; KKE, 96 percent; KKE-Int., 86 percent), leads us to the very high percentage (69 percent) of the respondents who grade below the passing mark the present government.

And what about a comparison (Table 10) between the two PASOK governments /1981-1985 and 1985-/? Of those asked, 54 percent sees no change at all, 33 percent considers it worse and only 12 percent better.

Among those respondents who consider the present government...worse (ND, 80 percent; KKE, 66 percent and KKE-Int., 46 percent) there is a significant percentage (28 percent)--again one out of four PASOK followers--which, if added to the 45 percent of PASOK voters who see no change in the two PASOK governments leads us to the conclusion that 73 percent of the PASOK voters do not think the picture of their party's government is improving. However, it is fortunate that we still have ND around which, together with its past governments, is saving PASOK (but for how long). See Tables 11 and 12.)

Of those asked (Table 11), 48 percent considers the present government more capable than the last ND government. The only ones who have good recollections from those...old times are ND followers. Of these, 89 percent considers the ND government better than PASOK and only 3 percent of the PASOK voters in June have the same opinion, but none of the communist Left. What does this mean? It means that very few PASOK voters (only 3 out of 100) could perhaps bolt and join the Right while no KKE or KKE-Int. follower will do so no matter what courtesies or charms ND may offer it.

There is another element in the same Table 11 which is worth noting: About half of the KKE and KKE-Int. respondents considers "equally capable" the present government and the last ND one (KKE: 54 percent; KKE-Int.: 46 percent) while the other half still prefers PASOK and considers its government "more capable" than that of ND.

The figures in Table 12 show that things are not any better for an ND government. Only 33 percent of those asked (fewer, that is, than the 38 percent who according to Table 1 of the previous article would vote for the Right) believes that ND, if it ever comes to power (never, that is) would take better economic measures.

The figures of Table 14 do not speak at all well about the overall functioning of the democracy (or better of the political system). Of those asked, 59 percent are "a little or not at all satisfied" and only 41 percent said they are "much or enough satisfied." The only satisfied ones are the PASOK followers--77 percent of them--in contrast to 84 percent ND, 90 percent KKE and 86 percent KKE-Int. followers, respectively.

All these things (and regardless of the specific poll which simply confirms the general observation) show how much the people are tired and what took place recently (besides the triumphs and...the defeats) has damaged the institution of democracy and exhausted the citizens. And let us be honest: the tired citizen is not the best defender of democracy.

Table 1

In Your Opinion What is the Country's Most Important Problem?

	Inflation	Unemployment	Energy problem	Protection of the environment	Reorganization of public administration	Relations with NATO and the U.S.	Relations with Turkey	No answer
Total %	38	30	3	10	2	7	8	2
Party they voted for in 1985:								
ND	54	19	1	7	0	5	14	0
PASOK	37	30	3	13	3	5	6	3
KKE-Int.	17	46	6	17	8	3	0	3
KKE	23	47	4	3	0	20	1	2

Table 2

Do You Consider Much or Sufficiently Effective in the Following Sectors?

	Foreign policy	Combatting inflation	Education	Combatting smog	Health and welfare	Combatting unemployment	Reorganization of public administration	Increase of wages and pensions	No answer
Total %	41	14	41	10	48	14	29	37	40
Party they voted for in 1985:									
ND	7	2	7	1	12	2	4	11	10
PASOK	80	30	77	19	86	29	58	68	73
KKE-Int.	29	3	34	12	37	9	26	29	26
KKE	19	3	17	3	32	0	7	13	15

Table 3

In Your Opinion, Most of the Blame for Today's Problems of the Greek Economy?

	International Economic Crisis	Government's Present Policy	Policy of Former ND Governments	No Answer
Total %	33	39	25	3
Party they voted for in 1985:				
ND	13	85	1	1
PASOK	50	5	43	2
KKE-Int.	51	23	17	9
KKE	20	27	45	8

Table 4

In Your Opinion, Were the Measures the Government Took a Month Ago (Devalution of the Drachma, limiting Cost of Living Increases (ATA), etc.) for Stabilizing the Economy:

	Unavoidable Because of our Economy	Unjustifiable Despite These Problems	No Answer
Total %	46	52	2
Party they voted for in 1985:			
ND	27	71	2
PASOK	74	23	3
KKE-Int.	26	71	3
KKE	11	88	1

Table 5

Do You Believe That With These Measures the Greek Economy Will Overcome the Crisis?

	Yes	No	No Answer
Total %	33	57	10
Party they voted for in 1985:			
ND	3	89	8
PASOK	66	22	12
KKE-Int.	20	66	14
KKE	9	85	6

Table 6

During the campaign PASOK promised the Greek people still better Days. After the measures were announced, the Government said that the situation worsened after the elections and thus it was forced to change policy. Do you believe that:

	The Government Told the Truth	On the contrary it knew before the elections the seriousness of the situation but concealed it in order to win the elections	No Answer
Total %	29	69	2
Party they voted for in 1985:			
ND	2	98	0
PASOK	62	35	3
KKE-Int.	11	83	6
KKE	5	93	2

Table 7

Do You Believe the PASOK Government Keeps Today the Promises it Made During the Campaign?

	Yes	No	No Answer
Total %	26	69	5
Party they voted for in 1985:			
ND	2	96	2
PASOK	55	37	8
KKE-Int.	11	86	3
KKE	4	93	2

Table 8

In Your Opinion, the PASOK Government Work Over the Past 4 Years is:

	Rather Positive	Rather Negative	No Answer
Total %	46	53	1
Party they voted for in 1985:			
ND	2	97	1
PASOK	91	7	2
KKE-Int.	40	51	9
KKE	20	80	0

Table 9

In the Six Months Since the Last Elections the Work of the PASOK Government is:

	Rather Positive	Rather Negative	No Answer
Total %	29	69	2
Party they voted for in 1985:			
ND	2	96	2
PASOK	62	35	3
KKE-Int.	14	86	0
KKE	4	96	0

Table 10

Compared to its First 4-Year Term, the PASOK Government of the Past 6 Months Since the Recent Election is in Your Opinion:

	Better	The Same	Worse	No Answer
Total %	12	54	33	1
Party they voted for in 1985:				
ND	0	19	80	1
PASOK	26	45	28	1
KKE-Int.	3	51	46	0
KKE	2	32	66	0

Table 11

Compared to the ND Government, Do You Think the PASOK Government Today is:

	More capable	Equally capable	Less capable	No answer
Total %	48	17	35	0
Party they voted for in 1985:				
ND	0	11	89	0
PASOK	91	6	3	0
KKE-Int.	54	46	0	0
KKE	46	54	0	0

Table 12

In Your Opinion, the Economic Measures ND Would Take if it Were in Power Would Be:

	Better	The Same	Worse	No Answer
Total %	33	16	47	4
Party they voted for in 1985:				
ND	87	7	0	6
PASOK	2	12	82	4
KKE-Int.	0	32	69	0
KKE	2	41	56	1

Table 13

From the Functioning of the Democratic System You are Generally

	Much or Sufficiently Satisfied	Little or Not at All Satisfied
Total %	41	59
Party they voted for in 1985:		
ND	16	84
PASOK	77	23
KKE-Int.	14	86
KKE	10	90

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PEOPLE'S ALLIANCE CHAIRMAN: ICELAND SHOULD STAY IN NATO

Svavar Gestsson Supports Membership

Reykjavik MORGUNBLADID in Icelandic 3 Jan 86 p 4

[Article: "People's Alliance Chairman: Will Not Take Any Risks in Security Affairs. Iceland Should Remain in NATO, Agreements With the UN and the Nordic Countries"]

[Text] "Under no circumstances do I want to take any risks when it involves the country's security affairs, "said People's Alliance Chairman Svavar Gestsson in an interview with THJODLIF magazine which published its first issue several days ago. He went on to say that Iceland should remain in NATO which should be guaranteed a special position in the country, that the Defense Force should leave Iceland and that agreements should be made with the UN and the Nordic countries. The statements issued by People's Alliance members on security and defense affairs have so far been focused on Iceland's withdrawal from NATO and the removal of the Defense Force without any further explanation of how to safeguard our security.

Gestsson said that the People's Alliance will submit clear and categorical conditions in foreign affairs for all government participation which will be based on the security of the country being ensured. He said that he is convinced that a broad unity could be formed on a new foreign policy which would not be based on the interests of those who are raking in the profits from the presence of the U.S. Forces in Iceland. He said verbatim:

"I am no speculator in these matters. I will never consider taking any risks in the security affairs of Iceland. When the U.S. Forces leave, some guarantee must be obtained that the sovereignty of the country will be honored; that not just anybody will be able to stomp all over the country in their dirty shoes. We will make it a basic point to ensure the security of the country. The way I want it handled is to make an agreement with the UN and the Nordic countries stating that we would make it a joint effort to ensure the security of these nations here in the North Atlantic. Under no circumstances do I want to take any risks when the security of the country is involved."

It is stated further in the THJODLIF interview with Svavar Gestsson that he thinks it is possible to reach this objective in several stages. The Defense Force should be fully isolated to prevent any influence on Icelandic national life. One of the last stages might be similar to the agreement which the government of Olafur Johannesson, chairman of the Progressive Party at that time, had prepared when it left power, namely that Iceland would remain in NATO and that NATO would be ensured a special position in Iceland under certain conditions.

Paper Discusses Statement

Reykjavik MORGUNBLADID in Icelandic 7 Jan 86 p 24

[Editorial: "Party Chairman in Trouble"]

[Text] People's Alliance Chairman Svavar Gestsson referred to the MORGUNBLADID editors in his New Year's answer in this paper on 31 December. This occurred when he was asked about solutions to preserve the Icelandic language. Gestsson felt that the majority of the Althing had "split the country in factions with the military presence" and thus promoted disagreements in foreign affairs. Also, during discussions of foreign affairs, the spokesmen of the foreign policy "always minimized the dangers that threaten the Icelandic language and culture." The People's Alliance chairman said further: "It seems that the MORGUNBLADID editors have changed their opinion on these matters which is for the better. This change of mind and this interest must now be utilized for a comprehensive effort to protect the Icelandic language across parties, party lines and party disputes."

Here the party chairman talks about arguments that often have been heard from the left quarters. They are, in short, that with the membership in NATO and the Defense Agreement with the United States, neither the country nor the people are being protected and the culture, language and history even less. This argumentation has been controversial for a long time. The People's Alliance stopped a long time ago emphasizing the danger to the Icelandic language because of the defense cooperation. The semi-isolated Defense Force has never threatened our language or our heritage. Even the presence of tens of thousands of foreign troops here during World War II did not pose a threat. But the technical revolution that causes the Icelandic language to yield to a great degree in people's homes can be fateful for our culture. We must join together to counter such a threat.

The MORGUNBLADID editors do not at all have to change their opinion on the nation's independence and security affairs in order to discuss the protection of the Icelandic language with the People's Alliance chairman. Gestsson's remarks about changed opinions on that are just as absurd as his statement that the minority in the Althing has split the nation. Thus speak only those who are specialists in the democratic theories of Marx and Lenin and have made an effort to learn about their implementation in Marxist totalitarian states.

About the same time Gestsson wrote these words to be printed in MORGUNBLADID, the first issue of the THJODLIF magazine was being published. In this issue of THJODLIF, as has come forth in this paper, Gestsson challenges the views that have characterized the argumentation of the People's Alliance in security affairs until now. He rejects the old socialist view that no measures need to be taken to ensure the security of the nation. As has come forth, it is not possible to understand the THJODLIF interview in any other way but that Gestsson has felt (perhaps for political reasons) that Iceland could remain in NATO and make an agreement with the Nordic countries and the UN about "a joint effort to ensure the security of these nations here in the North Atlantic."

When MORGUNBLADID had published Gestsson's statements that no risk should be taken in security affairs and called attention to his changed views, it was just as if the party chairman had awakened from a bad dream. Now he did not address the MORGUNBLADID editors as allies but talked about "the lies in MORGUNBLADID." Gestsson said that he did not mean what he said in THJODLIF He says that his objective, as well as that of the People's Alliance and other opponents to the Base, is the withdrawal of the Defense Force and resignation from NATO--peaceful Iceland.

Although Gestsson feels that he can avoid responsibility for his own remarks by saying that MORGUNBLADID is lying when reporting them, others do not agree. Ingibjorg Haraldsdottir, newly elected chairman of the Organization of Base Opponents, interpreted Gestsson's words in THJODLIF the same way as did MORGUNBLADID. She said in this paper on Sunday: "It is a known fact that the People's Alliance has been prepared to enter into a government coalition without it being made a condition in the government agreement that Iceland withdraw from NATO. This has happened before. Therefore, this is no policy change." The chairman of the Organization of Base Opponents feels that it is not possible to trust the People's Alliance in this matter; "independent organizations," such as the one she chairs, must work for the solution of the matter.

Very few organizations have been attacked as heavily in recent years as has the Organization of Base Opponents. Their cause is considered disloyal. Svavar Gestsson knows this. This is exactly why he discussed the security affairs in the aforementioned way in THJODLIF. Most likely he was reprimanded by influential people in his own party for departing from the obsolete minority perspective when they read about it in MORGUNBLADID.

MORGUNBLADID is prepared to cooperate with Svavar Gestsson in protecting the Icelandic language and culture without connecting it with his views on security affairs and foreign affairs. He should reconsider his views further so that he at least knows clearly what they are.

9583
CSO: 3626/16

SPANIARDS' VIEW OF STATE WORSENS UNDER PSOE

Madrid EPOCA in Spanish 2 Dec 85 pp 42-45

[Text] Most Spaniards are beginning to detest the state. After nearly half a century of widespread state intervention, the citizens of this country do not think that the services they receive offset the taxes they pay. This kind of opinion, exacerbated during the recent years of Socialist government, has been disclosed in an exclusive poll taken by the Gallup Institute for EPOCA.

The results indicate, in particular, a growing dissatisfaction among Spanish citizens with the service rendered by the state. Three years ago, Felipe Gonzalez put forth the slogan "let Spain operate"; now, even the Socialist Party voters are expressing opposition to the increase in taxes, the state's debt, the fiscal penalization of marriage and the new Pension Law; while no improvements are being observed in the state's services and in social security.

It is likely that we are facing a shift of opinion regarding the role that the state should play in areas such as the economy, health, and social security.

Goodbye to the Benefactor State

For decades, most of the Spanish population was used to the "umbrella" of an interventionist, benefactor state, from which everything could be demanded. It was Gen Primo de Rivera who, during the 1920's, began a decided state intervention in the economy, with measures such as the creation of the oil monopoly. Later, Franco brought this policy to the point of directly controlling a quarter of the economy. He nationalized the railroads, the airlines and the telephone service; created the INI [National Institute of Industry]; and promulgated a multitude of laws and regulations on economic activity. At the same time, the present social security system was established, whose original law dates back to 1944. The role which the Socialist Parties in other countries played with regard to the creation of the providential state was played in Spain by the former regime.

UCD [Democratic Center Union] continued that policy, and so did PSOE [Spanish Socialist Workers Party], to the point where the state's participation in the

Spanish economy now approaches 40 percent. But the failure to adapt to the economic crisis has put this model in jeopardy. The reform of the pension system was the test: The state is increasing taxes while at the same time reducing social benefits. The term "bankrupt" (although there may be more alarmism than realism in it) is already being associated with the future of social security: All over Spain, the private supplementary insurance is proliferating, and the irritation caused by the increase in tax pressure is heightening from one year to the next.

In 1982, the Socialists played the last trick for credibility: The increase in taxes would be offset by a substantial improvement in the administration's services. The failure has been spectacular. One item of information: A widow must wait 6 months in Madrid to start collecting her pension. This is a real example discovered a few days ago by our magazine, wherein there was no bureaucratic complication; but she had to wait from May until November for the social security machinery to give its approval.

With such a reality, it is not strange that 26 percent of those polled replied that the social security services have become "worse" during the past 3 years, while 31 percent respond that they are still "the same," and only 30 percent claim that they will "improve."

No More Taxes

The results of the Gallup-EPOCA poll are conclusive: 56 percent of the citizens do not think that the increase in taxes that we have suffered in Spain during recent years has been accompanied by an equivalent improvement in the services rendered by the state; 49 percent consider the fiscal penalizing of marriage unjust; 57 percent are in disagreement with the state's debt; and 49 percent are opposed to the new pension system.

Nevertheless, there remain some vestiges of the turnover of social initiative to the state. A large majority are in favor of restrictions on the price of medicines that physicians may prescribe, and also greater state intervention in pharmacies. It does not seem fortuitous that it is these questions from the poll on which the state's coercion has no effect on the citizens as a whole, but rather on a certain group. This is all an indication of the contradictions that exist in the social system.

The Socialists, Also Opposed

The breakdown of the answers based on habitat and party voted for in 1982 makes it possible to discover some odd facts. Although the questions relate to state services, there is one instance (Catalonia) wherein the autonomous community manages one of the most important social security services, namely Insalud [Health Institute]. Now then, those polled in Barcelona and its metropolitan area have an opinion of these services which is considerably worse than the national average. Only 20 percent have noticed an improvement (as opposed to 30 percent for Spain as a whole); while 28 percent indicate that the service has become "worse" (26 percent) and 33 consider it "the same" (31 percent as a national average). Therefore, the Generalitat [Catalonian legislative assembly] does not escape that rather unfavorable judgment of the rendering of public services which is even shared by the Catalonian nationalist voters.

Another surprising fact is the rejection by the majority of the Socialist electorate of the state's action; implying a criticism of the administration of Felipe Gonzalez' government.

For example, 51 percent of these voters claim that they have not noticed an improvement in services, in exchange for increased taxes; compared with a meager 31 percent who say that they have perceived an improvement. Among other political groups, the rejection amounts to as much as 78 and 79 percent, associated with those who voted for Popular Coalition, UCD and the Catalonian nationalists (essentially, Convergence and Unity).

There is also a clearcut majority of Socialist voters who oppose the fiscal discrimination against those who are married (44 percent, compared with 30); repudiate the state's debt (52 as compared with 22 percent); and are opposed to the new pension system (45, versus 36 percent).

In the group of youths between 18 and 21 years of age, who did not vote in 1982 because they lacked the required age, the responses opposing the government exceed the average. For example, there are 31 percent who indicate a change "for the worse" in social security (average, 26), and there are far fewer who agree with the state's debt (20, as compared with 25 percent), or who note an improvement in state services (24, as opposed to 31 percent). Their indifference regarding issues such as retirement pensions and the fiscal system for married couples is, moreover, understandable; although, in spite of everything, they too express an obvious repudiation.

Ultimately, the poll shows that, after 3 years of Socialist experience, the "state" brand image has suffered a clear setback among the public. Either we are greatly mistaken, or an attempt to sell state intervention to the voters in the future will be something like trying to sell a blind mule.

Technical Record

Sample: 1,003 individuals. Environment: peninsula and Balearic Islands. Universe: Spaniards aged 15 years and over. Interviews: personal, in the domicile of those interviewed. Selection: aleatory, by the "random-route" method for selection of the household, and the "Kish" method for the one interviewed. Sampling points: 114 localities, distributed at random after sample stratification by regions and habitat. Field work: from 24 to 31 October 1985. Margin of error: ±3.2 percent for a confidence level of 95.4 percent, and p = a = 50 percent. Institution responsible for the research: Gallup, Inc., Spanish member of the Gallup International organization.

(1)
¿Cómo diría que ha evolucionado la calidad de los servicios de la Seguridad Social utilizados por Vd. durante los últimos tres años: a mejor, peor, o igual.

(39)
Por todo lo que Vd. ha leído o ha oído últimamente sobre el tema de las pensiones, ¿está Vd. de acuerdo con el nuevo sistema de las pensiones de jubilación e invalidez, o está en desacuerdo?

				%	(3) A mejor	(4) A peor	(5) Igual	(6) No utiliza	(7) N.S./N.C.	(40) Acuerdo	41)) Des-acuerdo	(7) N.S./N.C.
MUESTRA TOTAL (2)				1.033	30	26	31	7	6	29	45	26
(8) SEXO/EDAD/E. CIVIL	(9) HOMBRES	TOTAL (13)			31	29	29	7	4	29	49	22
		SOLTEROS (10)	De 15 a 29 años		[illegible]	[illegible]	[illegible]	6	[illegible]	29	54	17
			De 30 y más años (14)		[illegible]	[illegible]	[illegible]	3	[illegible]	26	61	13
		CASADOS (11)	De 15 a 29 años (13)		[illegible]	17	[illegible]	13	[illegible]	30	40	26
			De 30 y más años (14)		31	30	[illegible]	7	[illegible]	32	53	15
	(12) MUJERES	TOTAL (13)			29	23	34	7	7	29	42	29
		SOLTERAS (10)	De 15 a 29 años		26	24	33	6	11	17	38	45
			De 30 y más años (14)		43	31	21	—	5	38	51	11
		CASADAS (11)	De 15 a 29 años (13)		24	30	39	3	4	39	43	18
			De 30 y más años (14)		30	20	35	9	6	31	42	17
(15) TAMAÑO HABITAT	Menos de 2.000 habitantes (16)				33	25	26	6	[illegible]	38	45	17
	De 2.000 a 5.000 habitantes (17)				30	31	24	7	[illegible]	31	49	20
	De 5.000 a 10.000 habitantes (18)				30	19	40	6	[illegible]	41	30	29
	De 10.000 a 30.000 habitantes (19)				28	22	36	3	[illegible]	31	30	38
	De 30.000 a 50.000 habitantes (20)				19	50	20	1	10	16	47	35
	De 50.000 a 100.000 habitantes (21)				36	20	33	5	[illegible]	30	43	27
	De 100.000 a 200.000 habitantes (22)				35	23	27	14	[illegible]	29	46	25
	De 200.000 a 500.000 habitantes (23)				26	34	34	6	[illegible]	20	51	29
	Más de 500.000 habitantes (24)				[illegible]	[illegible]	[illegible]	9	[illegible]	[illegible]	[illegible]	[illegible]
	Madrid + Area metropolitana (25)				[illegible]	[illegible]	20	6	[illegible]	[illegible]	[illegible]	[illegible]
	Barcelona + Area metropolitana (26)				20	28	33	14	5	24	60	16
(27) PARTIDO VOTADO EN 1982	PSOE				36	25	30	6	[illegible]	36	47	16
	AP/PDP (28)				24	33	27	15	1	27	56	17
	UCD/CC (29)				26	35	39	—	—	26	50	24
	CDS (30)				31	22	28	19	—	37	58	5
	PC/PSUC (31)				25	57	13	5	—	34	61	5
	Nacionalistas catalanes (32)				18	41	30	7	4	25	61	14
	Nacionalistas vascos (33)				33	19	29	—	19	14	27	59
	Otros regionalistas (34)				27	36	28	9	—	13	61	26
	No contesta el partido votado (35)				30	23	32	8	8	30	45	25
	No votó por edad (36)				26	31	29	5	9	24	40	36
	No votó por otras causas (37)				30	21	35	9	5	22	44	34
	No contesta si votó o no votó (38)				34	16	41	6	3	25	56	19

Key to Chart 1:

1. How would you say the quality of the social security services used by you during the past 3 years has changed: for the better, for the worse, or the same?
2. Total sample
3. For the better
4. For the worse
5. The same
6. Don't use
7. Don't know/no answer
8. Civilian society
9. Men
10. Single
11. Married
12. Women
13. From 15 to 29 years
14. From 30 years and over
15. Habitat size
16. Under 2,000 inhabitants
17. From 2,000 to 5,000 inhabitants
18. From 5,000 to 10,000 inhabitants
19. From 10,000 to 30,000 inhabitans
20. From 30,000 to 50,000 inhabitants
21. From 50,000 to 100,000 inhabitants
22. From 100,000 to 200,000 inhabitants
23. From 200,000 to 500,000 inhabitants
24. Over 500,000 inhabitants
25. Madrid + metropolitan area
26. Barcelona + metropolitan area
27. Party voted for in 1982
28. Popular Alliance/Popular Democratic Party
29. UCD/Centrists of Catalonia
30. Social Democratic Center
31. Communist Party/Unified Socialist Party of Catalonia
32. Catalan nationalists
33. Basque nationalists
34. Other regionalists
35. No answer on party voted for
36. Didn't vote because of age
37. Didn't vote for other reasons
38. No answer whether voted or note
39. From all that you have read or heard lately on the subject of pensions, do you agree with the new system for retirement and disability pensions, or do you disagree?
40. Agree
41. Disagree

(1)

¿Está Vd. de acuerdo o en desacuerdo con que se limite el importe de los medicamentos que pueden recetar los médicos de la Seguridad Social a sus enfermos?

(6) Acuerdo	(7) Desacuerdo	(8) N.S./N.C.
53	26	21
56	26	18
64	22	14
41	33	26
54	25	21
54	27	19
51	26	23
50	33	17
56	21	23
63	24	13
49	25	26
31	45	24
50	28	22
65	21	14
58	19	23
55	10	35
53	23	24
54	20	26
60	22	18
55	31	14
55	32	13
46	36	18
[illegible]	24	16
46	38	15
74	22	4
48	32	20
[illegible]	45	22
[illegible]	33	30
[illegible]	32	45
23	23	54
47	25	28
54	27	19
51	27	22
46	27	27

(2)

¿Estaría Vd. de acuerdo o en desacuerdo con que se modifique la actual legislación sobre las farmacias, aumentando la intervención del Estado en su funcionamiento?

(6) Acuerdo	(7) Desacuerdo	(8) N.S./N.C.
46	16	38
55	18	27
52	22	26
60	18	22
62	21	17
54	16	30
38	14	48
41	15	44
45	13	42
55	18	27
34	13	53
41	15	44
52	12	36
48	14	38
44	8	48
43	20	37
32	23	45
45	16	39
51	16	33
36	36	28
56	19	25
46	16	38
54	12	34
42	26	32
49	19	32
67	15	18
57	22	21
37	26	37
14	23	63
36	21	43
38	12	50
49	24	27
46	18	36
37	15	48

Hablemos ahora de impuestos. ¿Considera Vd. que el aumento de impuestos que ha tenido lugar en España en estos últimos años, ha sido acompañado de una mejora equivalente en los servicios que presta el Estado, o no?

(3)

(9) Sí	No	(8) N.S./N.C.
24	56	20
31	56	13
34	56	10
30	50	20
44	45	11
29	57	14
18	55	27
17	56	27
13	67	20
33	53	14
17	54	29
140	55	31
29	52	19
26	46	28
23	52	25
17	60	23
29	54	17
23	54	23
22	68	10
25	57	18
36	52	12
23	62	15
31	51	18
13	78	9
8	79	13
25	57	18
12	71	17
7	78	15
24	57	19
12	68	20
24	46	30
24	54	22
31	52	17
7	54	39

Como seguramente sabrá, en el actual sistema del impuesto sobre la renta de las personas físicas, cuando tienen ingresos tanto el marido como la mujer, tienen que declarar y pagar en una única declaración, lo cual representa mayor impuesto que si se declarasen y pagasen por separado. Esta situación ¿le parece justa o injusta? (4)

(10) Justa	(11) Injusta	(8) N.S./N.C.
28	44	28
30	49	21
28	54	18
37	51	12
44	47	9
26	45	29
26	41	33
29	52	19
28	30	42
40	38	22
23	38	39
24	35	41
32	45	23
40	22	38
22	41	37
19	43	38
23	53	24
32	43	25
28	48	24
21	64	15
34	50	16
28	52	20
30	44	26
29	50	21
41	36	23
43	49	8
43	46	11
26	63	11
19	38	43
25	68	7
18	41	41
36	46	18
27	46	27
27	24	49

En estos últimos años los presupuestos del Estado se hacen incluyendo más gastos que ingresos, es decir, que para atender sus obligaciones el Estado español tiene que endeudarse. ¿Está Vd. de acuerdo con esta forma de actuar o no? (5)

(6) Acuerdo	(7) Desacuerdo	(8) N.S./N.C.
20	52	28
25	57	18
38	50	12
27	50	23
29	54	17
21	58	210
150	480	41
16	158	32
8	55	37
22	53	25
140	450	41
80	52	40
17	56	27
20	41	39
22	44	34
10	64	26
15	47	38
28	47	25
14	59	27
20	58	22
32	56	12
18	62	20
22	52	26
12	72	16
9	73	18
28	51	21
24	63	13
26	63	11
34	14	52
44	41	15
14	46	40
20	57	23
22	46	32
25	29	46

Key to Chart 2:

1. Do you agree or disagree with limiting the price of medicines that social security physicians may prescribe for their patients?
2. Would you agree or disagree with changes in the present legislation on pharmacies, increasing the state's intervention in their operation?
3. Let's discuss taxes now. Do you think that the increase in taxes that has occured in Spain during recent years has been accompanied by an equivalent improvement in the services rendered by the state, or not?
4. As you must surely know, in the present system of income taxes for individuals, when both the husband and wife have income, they must declare and pay in a single declaration; which means a higher tax than if they declared and paid separately. Does this situation seem just or unjust to you?
5. During the past few years, the state's budgets have been made including more spending than revenue; in other words, to meet its obligations, the Spanish state must become indebted. Do you agree with this type of operation or not?
6. Agree
7. Disagree
8. Don't know/no answer
9. Yes
10. Just
11. Unjust

2909
CSO: 3548/24

POLL REVEALS CONTINUED SOFTENING OF PSOE ALLIANCE

Madrid ACTUALIDAD ECONOMICA in Spanish 4 Nov 85 pp 20-31

[Text]The legislature has reached its point of no return. The recent debate on the state of the nation has reflected the real keys to the situation: it involves making an assessment of the past 3 years, and with that, starting the race toward the next general elections.

Nevertheless, despite the major problems that has concerned Spaniards during this period, and the enigmas that still persist over the short term, it does not appear that the voters' preferences have changed greatly since that far-off October 1982: PSOE [Spanish Socialist Workers Party] almost retains its triumphal 1982 results; its slight erosion on the left and right has caused pyrrhic gains for PCE [Spanish Communist Party] and CDS [Social Democratic Center Party] which are still insufficient for a passing grade in the elections. The conservative alternative represented by the Popular Coalition, although it has procured some new seats, will not, for the present, give up its role as a second party. It is still lacking a mending of the center political space. The historical nationalist groups (CiU [Convergence and Unity] and PNV [Basque Nationalist Party]) have consolidated their positions. In short, it could prove to be the continuity of the political map which by now is already 3 years old.

The publication of the present BAROMETRO survey coincides with the third anniversary of the last legislative elections, and includes, as in October 1984, an in depth study of the voting intentions, with a simulation of the procurement of seats by each party offered, based on the electoral differences on the national level, applying them in each one of the provinces.

A year ago, the BAROMETRO results made it possible to state that the Socialist electoral loss would not cause the sought after alternation in power inherent in the Western two-party systems. Rather, it appeared, on the contrary, that the model was quietly returning to its original features: two large parties, of the right and left; two parties of national scope, not so small as they have been up until now; and the consolidation, and even development of the Basque and Catalonian minorities.

A year later, and with 12 more BAROMETRO surveys, the data lead to a confirmation of the foregoing, point by point, with some marginal notes.

The repeated indications given in all the social research that, for the present, alternation in the government by AP [Popular Alliance] and PSOE is impossible, are also confirmed by the virtual non-existence of a flow of voters between the two parties.

When asked the question, "In the event that you could not vote for the party intended, which other one would you substitute for it?" the Socialist voters find their priority replacements in two parties which do not even have a parliamentary group at present: 17.4 percent consider CDS an alternative for their votes; 11.9 percent, PCE; and only 3.7 percent, AP; the latter amount even less than last year's 5 percent.

Prominent in the second Socialist voting intention is the decline for PCE, with a 4-point loss, and the notable rise for CDS, of over 10 points.

The Alliance backers also prefer CDS as an alternative vote (with 16.5 percent), rather than PSOE (with 7 percent) or the Reformists (with 5.4 percent). If we add to this the fact that 53.4 percent of the Socialists declare that they would never vote for AP, the center parties' electoral chances are heightened.

Catalonia and the Basque Country are two cases wherein one need not go to Portugal to observe who can win over the Socialist Party. According to the voting intention with a projection of undecided in BAROMETRO's 23d survey, the electoral sum of all the parties considered to be centrist is 14.2 points, slightly over half of the conservative vote, and a third of the Socialist vote. But those 14.2 points are among four parties: two of them clearly on the rise, CiU and CDS, which in virtually all the BAROMETRO polls have a voting intention exceeding what they had in October 1982; PNV, which usually remains constant; and PRD [Democratic Reformist Party], which was non-existent before.

Those 14.2 points, which were 9.7 in October of last year, show that although the centrist opposition is advancing, it is doing so divided, and slowly.

Why? There are some who claim that it is because it lacks a leader; which is in contradiction with the fact that Adolfo Suarez, head of CDS, is, in competition with Alfonso Guerra, the second leader in the country in popularity ranking.

If PSOE is eroded, for the present, its votes would not go to AP. If the erosion reaches it from the left, the Communists will continue with the confrontation among the various families, which serves as a containing wall to deter Socialist leaks. If the erosion comes from the right, there is still confusion in the center, and the strongest of those occupying it, CDS, does not yet have the necessary credibility as a political movement. All this leads to the conclusion that, so long as the Communist Party does not solve its problems, which are no longer so internal, and the political center is not clarified, PSOE has its electoral victory assured.

This month, Felipe Gonzalez' image and that of his government have suffered a setback, standing at levels similar to those 2 months ago. Felipe Gonzalez' image has lost 1.8 points in the "good" connotation, and has risen 2.6 points in the "poor" one, thereby making his neutral vote (the balance of a good image minus a poor one) decline 4.4 points.

Government: More Critics, But With the Same Votes

The government, with a more severe loss, in turn,stands at a lower level since BAROMETRO's first survey, with a loss of 5.1 points in the "good" connotation, and a rise of 2.5 points in the "poor" one; making its neutral vote stand at -6.4 points. This would lead one to think that this fourth year of legislature, which was described last month as optimistic for the Socialists, stands rather on a line of stable opinion, with a certain tendency in the gaugers of the image of the prime minister and his government toward declining, but with the vote maintained.

In October 1984, the neutral vote of the prime minister and his government was 16.2 points, and -1.7 points, respectively; and the voting intention, with a projection of undecided, was 39.2 points. In October 1985, the neutral vote of the prime minister and his government was 8.3 and -6.4 points, respectively, and the voting intention, with a projection of undecided, was 40 percent. Hence, there is every indication that, even despite the erosion noted in the Socialist government's image, the intention of voting for PSOE, with no other option of more significance found, remains on a level similar to that of October 1982.

The beneficial effects of Felipe Gonzalez' trip to Japan and China have disappeared, and the government's most positive asset is still entry into the European Economic Community, which is helped, after the spectacular "none," by the expulsion of Polisario Front leaders from the country; a measure mentioned by 5.7 percent of the entire sample and 7 percent of the Alliance voters.

What is most displeasing about the government is still unemployment, NATO and the revision of the law on pensions; to the AP voters, in addition, the legalization of abortion; and, for those in the Communist Party, the reprisal measures against the Polisario Front.

PSOE, With an Absolute Majority

In view of that assessment of the government's management and the voters' current voting intentions, what distribution of seats would result and, consequently, what would the clout of the various groups be? To respond to this, BAROMETRO has, as it did in October 1984, produced the corresponding simulation of the distribution of deputies. The simulation of seats (using the system of calculating the percentual differences on the national level in the general elections, and the voting intentions from this latest survey, and applying that difference to each of the provinces) is merely a simple tool based on the studies made on the evolution of the vote in the different elections, wherein the electoral data vary with slight differences, in a similar ratio on the national and provincial levels.

In any event, it should not be considered anything more than a hypothesis made on the basis of the data on national voting intention. Its most prominent results are the following:

PSOE, like the image of the prime minister and his government, loses 2.6 points in voting intention, with a projection of undecided, and stands at 40 percent; which, in the light of the electoral simulation, would still give it the absolute majority, with 181 deputies, losing 21 deputies in comparison with the general elections of October 1982, and gaining 9 in comparison with the simulation carried out in October 1984.

AP-PDP [Popular Democratic Party]-UL gains 1.4 points in voting intention, with a projection of undecided; it would procure 122 deputies, 15 more than in October 1982, and 10 fewer than in the October 1984 simulation.

PCE, which has not finished recovering, is prominent for the way it has maintained its voting intention, despite its internal confusion. On this occasion, with 6.4 percent of the valid votes, it procures 11 deputies, seven more than in October 1982 and three fewer than in last years' simulation.

In this latest simulation, CDS procures seven deputies, three more than in the previous one, and five more than in the legislative elections.

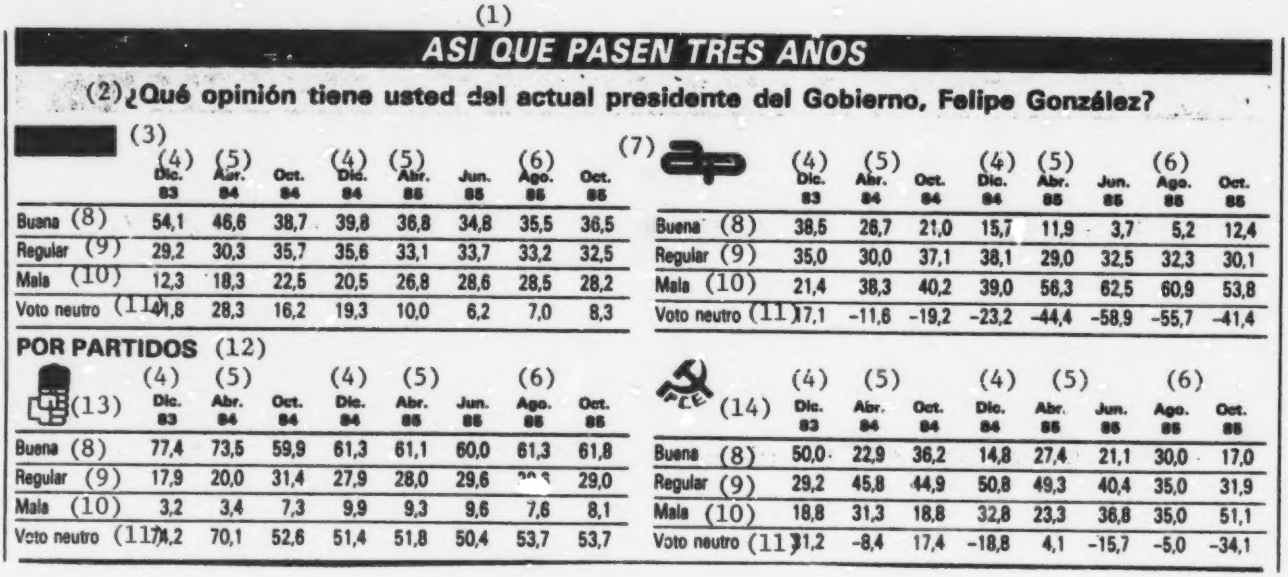
CiU recovers one with respect to the previous simulation, and five with respect to the previous elections.

PNV, HB [Popular Unity], EE [Basque Left], and ER [Republican Left] remain the same.

In the case of PCE, it should be explained that, for the present, those polled expressed their voting intention as being for PSUC [Unified Socialist Party of Catalonia] in Catalonia, and for PCE elsewhere in Spain, without further explanation; and therefore the voting intention has been applied to PCE, whose secretary general is Gerardo Iglesias.

Technical Record

Direction: Communication Techniques, Consultants, Inc.
Execution: Sigma-Dos, Inc.
Universe: Persons aged 18 years or over.
Environment: Spain, with the exception of the Canaries, taking 11 autonomous regions as a sample.
Sample: 1,111 interviews, with a possible error of ± 3 percent, for a confidence interval of 95.5 percent and p/q = 50, according to the Arkin and Colton tables.
Selection: Aleatory, based on the "random route" method, supplemented by the quota correction system based on sex, age, and occupation.
Interviews: Held through personal visit to domicile.
Dates of field work:10-14 October 1985.



(1)

ASI QUE PASEN TRES AÑOS

(2)¿Qué opinión tiene usted del actual presidente del Gobierno, Felipe González?

[redacted] (3)

	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	54,1	46,6	38,7	39,8	36,8	34,8	35,5	36,5
Regular (9)	29,2	30,3	35,7	35,6	33,1	33,7	33,2	32,5
Mala (10)	12,3	18,3	22,5	20,5	26,8	28,6	28,5	28,2
Voto neutro (11)	41,8	28,3	16,2	19,3	10,0	6,2	7,0	8,3

(7)

	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	38,5	26,7	21,0	15,7	11,9	3,7	5,2	12,4
Regular (9)	35,0	30,0	37,1	38,1	29,0	32,5	32,3	30,1
Mala (10)	21,4	38,3	40,2	39,0	56,3	62,5	60,9	53,8
Voto neutro (11)	17,1	-11,6	-19,2	-23,2	-44,4	-58,9	-55,7	-41,4

POR PARTIDOS (12)

(13)

	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	77,4	73,5	59,9	61,3	61,1	60,0	61,3	61,8
Regular (9)	17,9	20,0	31,4	27,9	28,0	29,6	[illegible]	29,0
Mala (10)	3,2	3,4	7,3	9,9	9,3	9,6	7,6	8,1
Voto neutro (11)	74,2	70,1	52,6	51,4	51,8	50,4	53,7	53,7

PCE (14)

	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	50,0	22,9	36,2	14,8	27,4	21,1	30,0	17,0
Regular (9)	29,2	45,8	44,9	50,8	49,3	40,4	35,0	31,9
Mala (10)	18,8	31,3	18,8	32,8	23,3	36,8	35,0	51,1
Voto neutro (11)	31,2	-8,4	17,4	-18,8	4,1	-15,7	-5,0	-34,1

Key to Chart 1:

1. As soon as 3 years elapse
2. What is your opinion of the current prime minister of the government, Felipe Gonzalez?
3. Overall
4. Dec
5. Apr
6. Aug
7. Popular Alliance
8. Good
9. Fair
10. Poor
11. Neutral vote
12. By parties
13. Spanish Socialist Workers Party
14. Spanish Communist Party

(1)

LIGERA MEJORIA

(2) ¿Qué opinión tiene usted del actual Gobierno de la nación?

(3)	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	39,4	35,5	25,7	27,8	27,8	26,9	26,9	24,5
Regular (9)	38,5	36,0	43,1	40,3	37,2	36,5	40,9	41,3
Mala (10)	17,6	24,4	27,4	26,5	31,4	33,3	29,6	30,9
Voto neutro (11)	21,8	11,1	-1,7	1,3	-3,6	-6,4	-2,7	-6,4

(7) ap	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	19,6	12,5	13,5	8,1	5,8	1,1	1,6	0,5
Regular (9)	40,2	33,3	45,8	35,4	27,6	21,3	33,9	37,1
Mala (10)	35,1	51,7	50,2	49,3	64,1	76,1	64,6	57,5
Voto neutro (11)	-15,5	-39,2	-36,7	-41,2	-58,3	-75,0	-63,0	-57,0

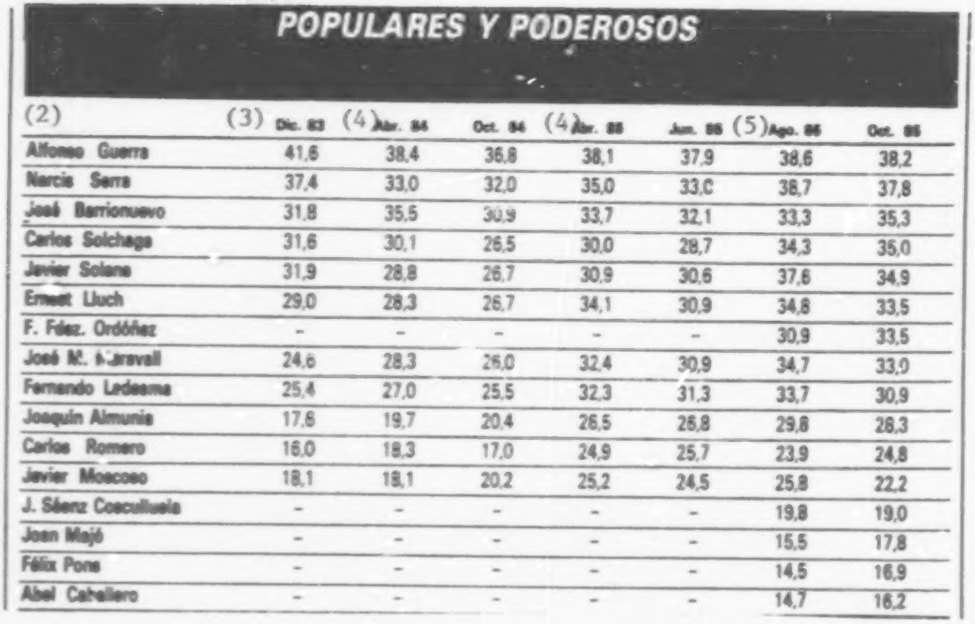
POR PARTIDOS (12)

(13)	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	65,5	62,3	42,2	45,6	52,7	52,7	50,6	47,0
Regular (9)	29,8	28,1	44,0	38,9	33,4	34,4	40,3	41,4
Mala (10)	3,7	6,0	9,9	12,9	12,0	12,5	7,8	9,9
Voto neutro (11)	61,8	56,3	32,3	32,7	40,7	40,2	42,8	37,1

PCE (14)	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(5) Abr. 85	Jun. 85	(6) Ago. 85	Oct. 85
Buena (8)	35,4	14,6	20,3	13,1	20,5	10,5	22,5	17,0
Regular (9)	39,6	52,1	56.5	45,9	53,4	52,6	22,5	40,4
Mala (10)	25,0	31,3	23,2	39,4	26,0	35,1	50,0	42,5
Voto neutro (11)	10,4	-16,7	-2,9	-26,3	-5,5	-24,6	-27,5	-25,5

Key to Chart 2:

1. Slight improvement
2. What is your opinion of the present government of the nation?
3. Overall
4. Dec
5 Apr
6. Aug
7. Popular Alliance
8. Good
9. Fair
10. Poor
11. Neutral vote
12. By parties
13. Spanish Socialist Workers Party
14. Spanish Communist Party



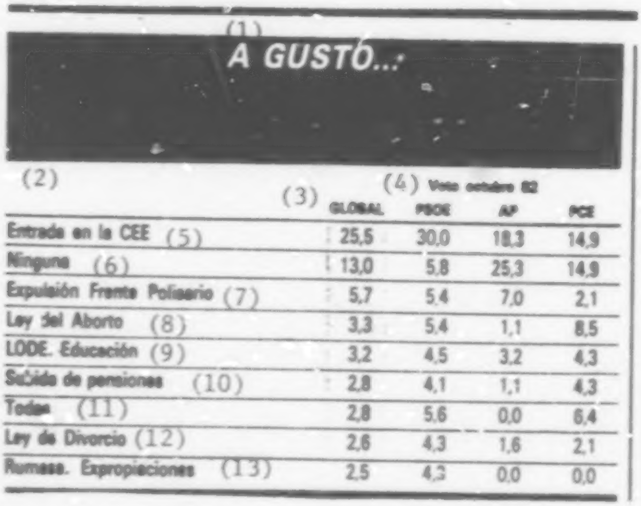
(1)

POPULARES Y PODEROSOS

(2)	(3) Dic. 83	(4) Abr. 84	Oct. 84	(4) Abr. 85	Jun. 85	(5) Ago. 85	Oct. 85
Alfonso Guerra	41,6	38,4	36,8	38,1	37,9	38,6	38,2
Narcís Serra	37,4	33,0	32,0	35,0	33,0	38,7	37,8
José Barrionuevo	31,8	35,5	30,9	33,7	32,1	33,3	35,3
Carlos Solchaga	31,6	30,1	26,5	30,0	28,7	34,3	35,0
Javier Solana	31,9	28,8	26,7	30,9	30,6	37,6	34,9
Ernest Lluch	29,0	28,3	26,7	34,1	30,9	34,8	33,5
F. Fdez. Ordóñez	–	–	–	–	–	30,9	33,5
José M. Maravall	24,6	28,3	26,0	32,4	30,9	34,7	33,0
Fernando Ledesma	25,4	27,0	25,5	32,3	31,3	33,7	30,9
Joaquín Almunia	17,6	19,7	20,4	26,5	26,8	29,8	28,3
Carlos Romero	16,0	18,3	17,0	24,9	25,7	23,9	24,8
Javier Moscoso	18,1	18,1	20,2	25,2	24,5	25,8	22,2
J. Sáenz Cosculluela	–	–	–	–	–	19,8	19,0
Joan Majó	–	–	–	–	–	15,5	17,8
Félix Pons	–	–	–	–	–	14,5	16,9
Abel Caballero	–	–	–	–	–	14,7	16,2

Key to Chart 3:

1. Popular and powerful
2. Could you rate, from 1 to 10, the performance of the following members of the government?
3. Dec
4. Apr
5. Aug



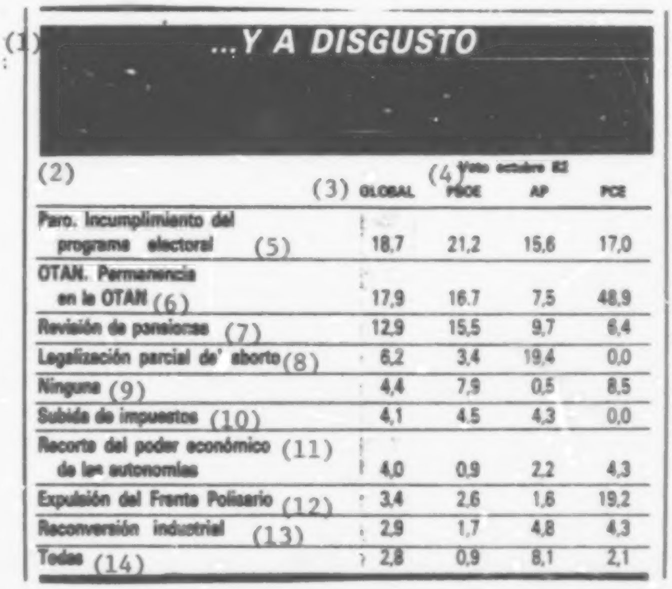
(1)

A GUSTO...

(2)	(3) GLOBAL	(4) Voto octubre 82 PSOE	AP	PCE
Entrada en la CEE (5)	25,5	30,0	18,3	14,9
Ninguna (6)	13,0	5,8	25,3	14,9
Expulsión Frente Polisario (7)	5,7	5,4	7,0	2,1
Ley del Aborto (8)	3,3	5,4	1,1	8,5
LODE. Educación (9)	3,2	4,5	3,2	4,3
Subida de pensiones (10)	2,8	4,1	1,1	4,3
Todas (11)	2,8	5,6	0,0	6,4
Ley de Divorcio (12)	2,6	4,3	1,6	2,1
Rumasa. Expropiaciones (13)	2,5	4,3	0,0	0,0

Key to Chart 4:

1. Pleasing
2. Of the government's recent actions, could you tell me those which have pleased you most personally?
3. Overall
4. October 82 vote
5. Entry into EEC
6. None
7. Expulsion of Polisario Front
8. Abortion law
9. LODE [Organic Law on Educational Democracy]-education
10. Rise in pensions
11. All
12. Divorce law
13. Rumasa, expropriations



(1) ...Y A DISGUSTO

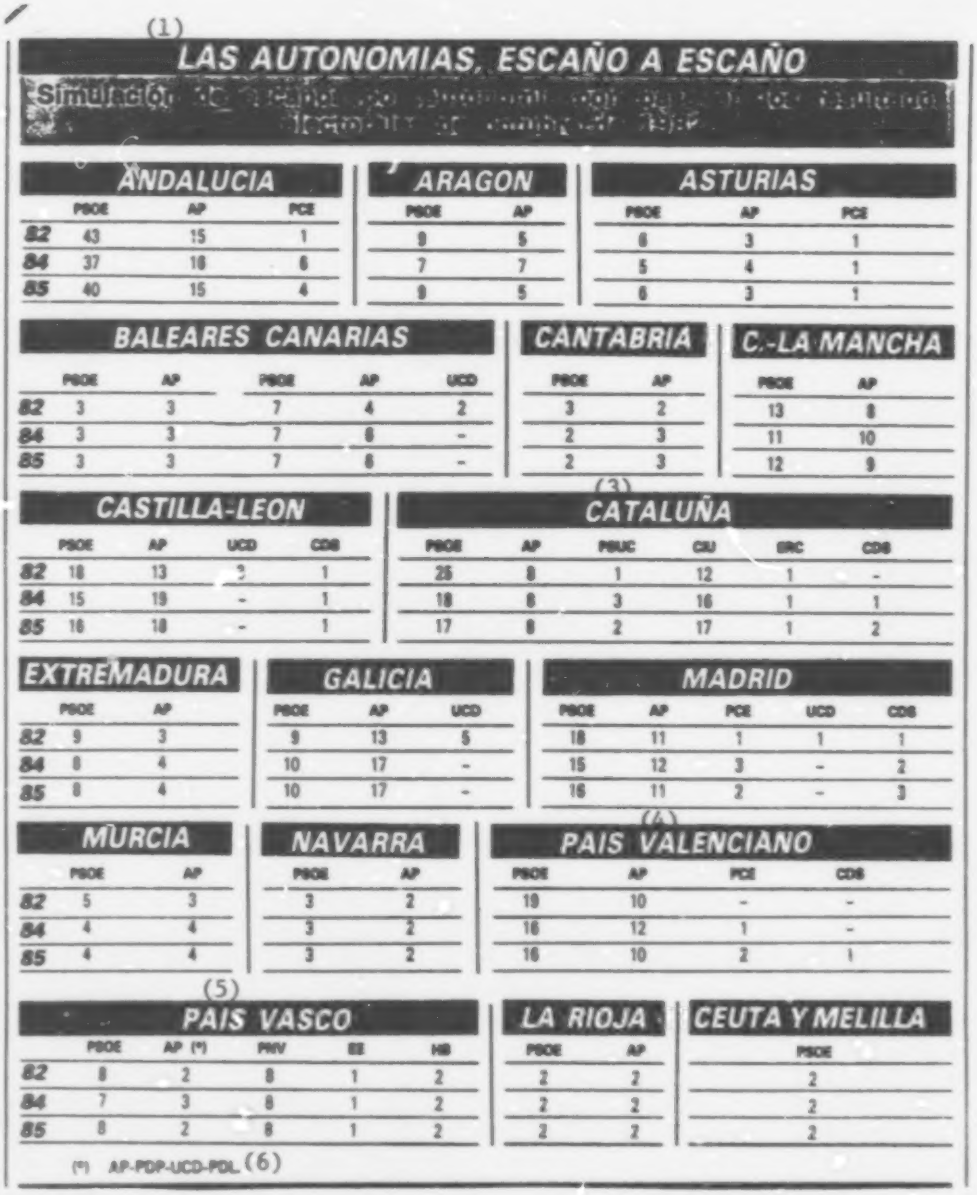
[illegible]

(2)	(3) GLOBAL	(4) Voto octubre 82 PSOE	 AP	 PCE
Paro. Incumplimiento del programa electoral (5)	18,7	21,2	15,6	17,0
OTAN. Permanencia en la OTAN (6)	17,9	16,7	7,5	48,9
Revisión de pensiones (7)	12,9	15,5	9,7	6,4
Legalización parcial del aborto (8)	6,2	3,4	19,4	0,0
Ninguna (9)	4,4	7,9	0,5	8,5
Subida de impuestos (10)	4,1	4,5	4,3	0,0
Recorte del poder económico de las autonomías (11)	4,0	0,9	2,2	4,3
Expulsión del Frente Polisario (12)	3,4	2,6	1,6	19,2
Reconversión industrial (13)	2,9	1,7	4,8	4,3
Todas (14)	2,8	0,9	8,1	2,1

Key to Chart 5:

1. ...And displeasing
2. Of the government's recent actions, could you tell me those which have displeased you most personally?
3. Overall
4. October 82 vote
5. Unemployment, non-fulfillment of the electoral program
6. NATO, remaining in NATO
7. Revision of pensions
8. Partial legalization of abortion
9. None
10. Rise in taxes

11. Curtailment of the autonomous regions' economic power
12. Expulsion of the Polisario Front
13. Industrial reconversion
14. All



(1)

LAS AUTONOMIAS, ESCAÑO A ESCAÑO

Simulación [illegible]

ANDALUCIA

	PSOE	AP	PCE
82	43	15	1
84	37	18	6
85	40	15	4

ARAGON

PSOE	AP
9	5
7	7
9	5

ASTURIAS

PSOE	AP	PCE
6	3	1
5	4	1
6	3	1

BALEARES CANARIAS

	PSOE	AP	PSOE	AP	UCD
82	3	3	7	4	2
84	3	3	7	6	-
85	3	3	7	6	-

CANTABRIA

PSOE	AP
3	2
2	3
2	3

C.-LA MANCHA

PSOE	AP
13	8
11	10
12	9

CASTILLA-LEON

	PSOE	AP	UCD	CDS
82	18	13	3	1
84	15	19	-	1
85	16	18	-	1

(3)

CATALUÑA

PSOE	AP	PSUC	CIU	ERC	CDS
25	8	1	12	1	-
18	8	3	16	1	1
17	8	2	17	1	2

EXTREMADURA

	PSOE	AP
82	9	3
84	8	4
85	8	4

GALICIA

PSOE	AP	UCD
9	13	5
10	17	-
10	17	-

MADRID

PSOE	AP	PCE	UCD	CDS
18	11	1	1	1
15	12	3	-	2
16	11	2	-	3

MURCIA

	PSOE	AP
82	5	3
84	4	4
85	4	4

NAVARRA

PSOE	AP
3	2
3	2
3	2

(4)

PAIS VALENCIANO

PSOE	AP	PCE	CDS
19	10	-	-
16	12	1	-
16	10	2	1

(5)

PAIS VASCO

	PSOE	AP (*)	PNV	EE	HB
82	8	2	8	1	2
84	7	3	8	1	2
85	8	2	8	1	2

LA RIOJA

PSOE	AP
2	2
2	2
2	2

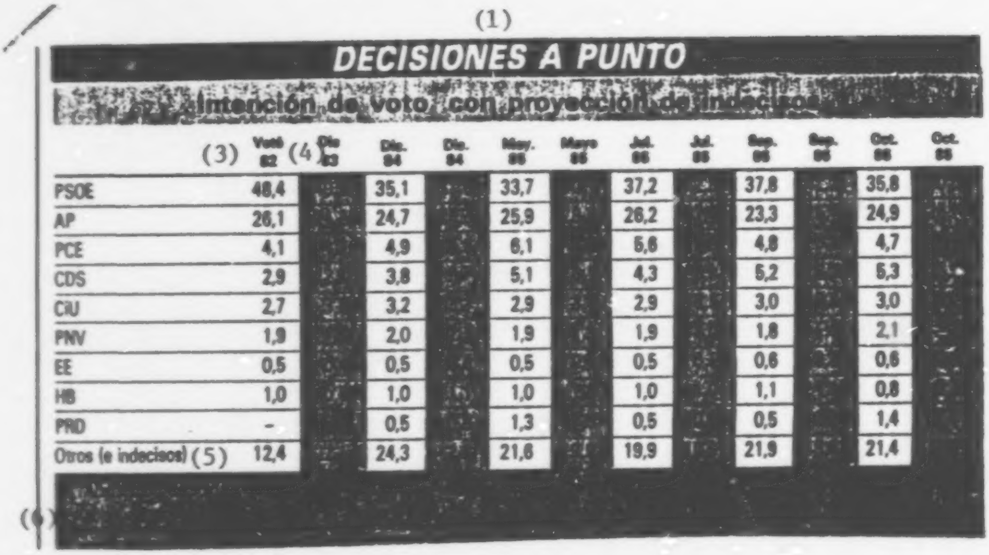
CEUTA Y MELILLA

PSOE
2
2
2

(*) AP-PDP-UCD-PDL. (6)

Key to Chart 6:

1. The Autonomous Regions, Seat by Seat
2. Simulation of seats by autonomous region, based on the October 1982 election results
3. Catalonia
4. Valencian Country
5. Basque Country
6. [PDL] Liberal Democratic Party



(1)

DECISIONES A PUNTO

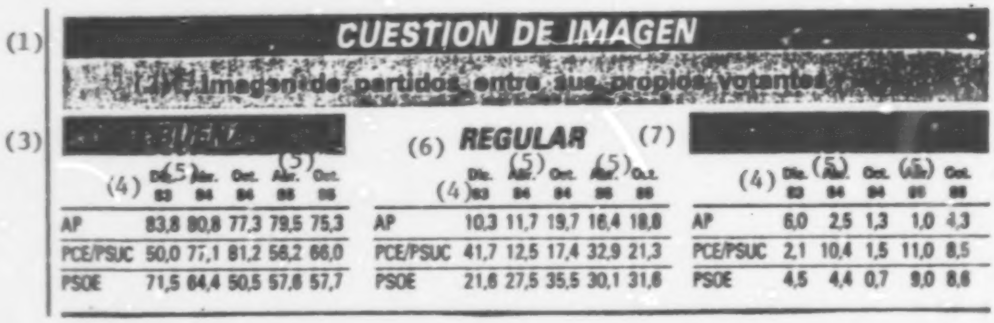
[illegible] intención de voto, con proyección de indecisos

	(3) Votó 82	(4) Dic. 83	Dic. 84	Dic. 84	May. 85	Mayo 85	Jul. 85	Jul. 85	Sep. 85	Sep. 85	Oct. 85	Oct. 85
PSOE	48,4	[illegible]	35,1	[illegible]	33,7	[illegible]	37,2	[illegible]	37,8	[illegible]	35,8	[illegible]
AP	26,1	[illegible]	24,7	[illegible]	25,9	[illegible]	26,2	[illegible]	23,3	[illegible]	24,9	[illegible]
PCE	4,1	[illegible]	4,9	[illegible]	6,1	[illegible]	5,6	[illegible]	4,8	[illegible]	4,7	[illegible]
CDS	2,9	[illegible]	3,8	[illegible]	5,1	[illegible]	4,3	[illegible]	5,2	[illegible]	5,3	[illegible]
CiU	2,7	[illegible]	3,2	[illegible]	2,9	[illegible]	2,9	[illegible]	3,0	[illegible]	3,0	[illegible]
PNV	1,9	[illegible]	2,0	[illegible]	1,9	[illegible]	1,9	[illegible]	1,8	[illegible]	2,1	[illegible]
EE	0,5	[illegible]	0,5	[illegible]	0,5	[illegible]	0,5	[illegible]	0,6	[illegible]	0,6	[illegible]
HB	1,0	[illegible]	1,0	[illegible]	1,0	[illegible]	1,0	[illegible]	1,1	[illegible]	0,8	[illegible]
PRD	-	[illegible]	0,5	[illegible]	1,3	[illegible]	0,5	[illegible]	0,5	[illegible]	1,4	[illegible]
Otros (e indecisos) (5)	12,4	[illegible]	24,3	[illegible]	21,6	[illegible]	19,9	[illegible]	21,9	[illegible]	21,4	[illegible]

(6)

Key to Chart 7:

1. Decisions ready
2. Voting intention, with projection of undecided
3. Voted in 82
4. Dec
5. Others (and undecided)
6. Abstention decided on census



(1)

CUESTION DE IMAGEN

(2) Imagen de partidos entre sus propios votantes

(3) BUENA

	(4) Dic. 83	(5) Abr. 84	Oct. 84	(5) Abr. 85	Oct. 85
AP	83,8	80,8	77,3	79,5	75,3
PCE/PSUC	50,0	77,1	81,2	56,2	66,0
PSOE	71,5	64,4	50,5	57,6	57,7

(6) REGULAR

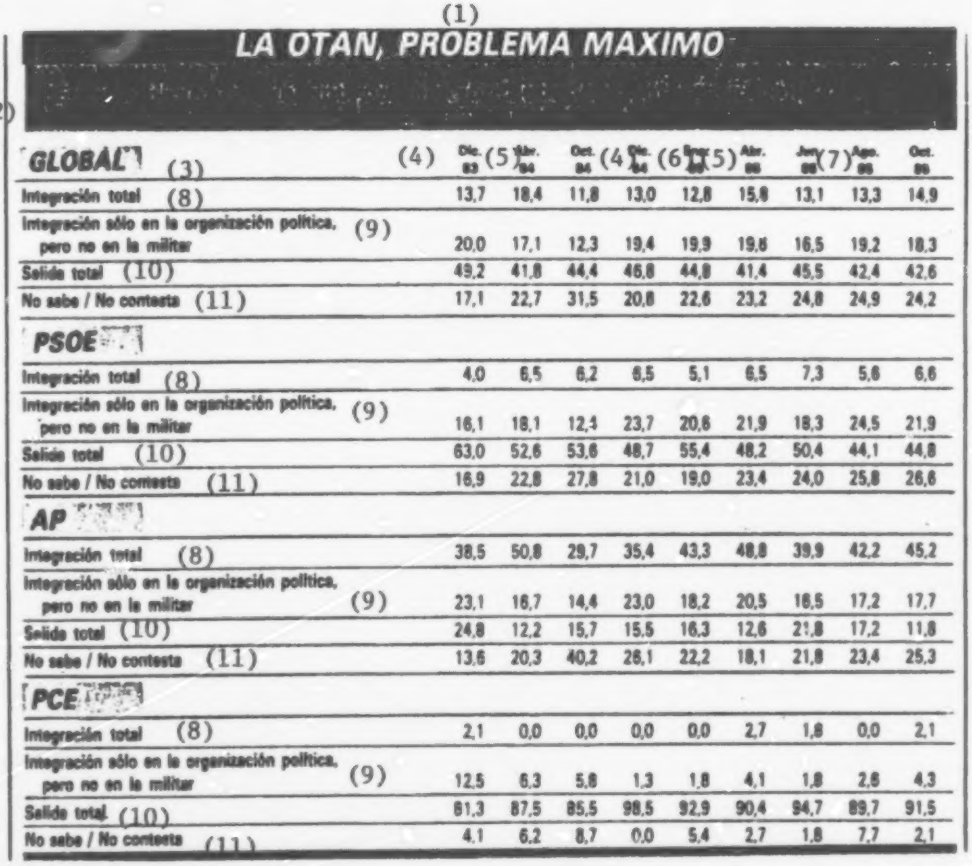
	(4) Dic. 83	(5) Abr. 84	Oct. 84	(5) Abr. 85	Oct. 85
AP	10,3	11,7	19,7	16,4	18,8
PCE/PSUC	41,7	12,5	17,4	32,9	21,3
PSOE	21,6	27,5	35,5	30,1	31,6

(7)

	(4) Dic. 83	(5) Abr. 84	Oct. 84	(5) Abr. 85	Oct. 85
AP	6,0	2,5	1,3	1,0	4,3
PCE/PSUC	2,1	10,4	1,5	11,0	8,5
PSOE	4,5	4,4	0,7	9,0	8,6

Key to Chart 8:

1. Matter of image
2. Image of parties among their own voters
3. Good
4. Dec
5. Apr
6. Fair
7. Poor



(1)

LA OTAN, PROBLEMA MAXIMO

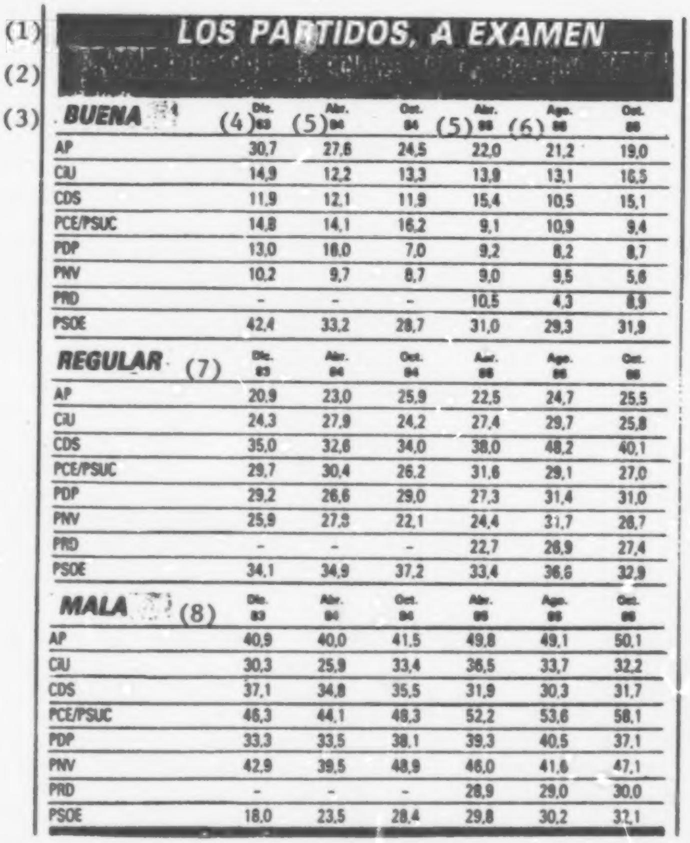
(2) [illegible]

GLOBAL (3)	(4) Dic. 83	(5) Abr. 84	Oct. 84	(4) Dic. 84	(6) Ene. 85	(5) Abr. 85	Jun. 85	(7) Ago. 85	Oct. 85
Integración total (8)	13,7	18,4	11,8	13,0	12,8	15,8	13,1	13,3	14,9
Integración sólo en la organización política, pero no en la militar (9)	20,0	17,1	12,3	19,4	19,9	19,8	16,5	19,2	18,3
Salida total (10)	49,2	41,8	44,4	46,8	44,8	41,4	45,5	42,4	42,6
No sabe / No contesta (11)	17,1	22,7	31,5	20,8	22,6	23,2	24,8	24,9	24,2
PSOE									
Integración total (8)	4,0	6,5	6,2	6,5	5,1	6,5	7,3	5,6	6,6
Integración sólo en la organización política, pero no en la militar (9)	16,1	18,1	12,4	23,7	20,6	21,9	18,3	24,5	21,9
Salida total (10)	63,0	52,6	53,6	48,7	55,4	48,2	50,4	44,1	44,8
No sabe / No contesta (11)	16,9	22,8	27,8	21,0	19,0	23,4	24,0	25,8	26,6
AP									
Integración total (8)	38,5	50,8	29,7	35,4	43,3	48,8	39,9	42,2	45,2
Integración sólo en la organización política, pero no en la militar (9)	23,1	16,7	14,4	23,0	18,2	20,5	16,5	17,2	17,7
Salida total (10)	24,8	12,2	15,7	15,5	16,3	12,6	21,8	17,2	11,8
No sabe / No contesta (11)	13,6	20,3	40,2	26,1	22,2	18,1	21,8	23,4	25,3
PCE									
Integración total (8)	2,1	0,0	0,0	0,0	0,0	2,7	1,8	0,0	2,1
Integración sólo en la organización política, pero no en la militar (9)	12,5	6,3	5,8	1,3	1,8	4,1	1,8	2,6	4,3
Salida total (10)	81,3	87,5	85,5	98,5	92,9	90,4	94,7	89,7	91,5
No sabe / No contesta (11)	4,1	6,2	8,7	0,0	5,4	2,7	1,8	7,7	2,1

Key to Chart 9:

1. NATO, maximum problem
2. In your opinion, what type of relations should Spain maintain with NATO?
3. Overall
4. Dec
5. Apr
6 Jan
7. Aug
8. Total integration

9. Integration only in the political organization, but not in the military
10. Total exit
11. Don't know, no answer



(1) LOS PARTIDOS, A EXAMEN

(2) [illegible]

(3) BUENA	(4) Dic. 83	(5) Abr. 84	Oct. 84	(5) Abr. 85	(6) Ago. 85	Oct. 85
AP	30,7	27,6	24,5	22,0	21,2	19,0
CiU	14,9	12,2	13,3	13,9	13,1	16,5
CDS	11,9	12,1	11,9	15,4	10,5	15,1
PCE/PSUC	14,8	14,1	16,2	9,1	10,9	9,4
PDP	13,0	18,0	7,0	9,2	8,2	8,7
PNV	10,2	9,7	8,7	9,0	9,5	5,6
PRD	-	-	-	10,5	4,3	8,9
PSOE	42,4	33,2	28,7	31,0	29,3	31,9
REGULAR (7)	Dic. 83	Abr. 84	Oct. 84	Abr. 85	Ago. 85	Oct. 85
AP	20,9	23,0	25,9	22,5	24,7	25,5
CiU	24,3	27,9	24,2	27,4	29,7	25,8
CDS	35,0	32,6	34,0	38,0	48,2	40,1
PCE/PSUC	29,7	30,4	26,2	31,6	29,1	27,0
PDP	29,2	26,6	29,0	27,3	31,4	31,0
PNV	25,9	27,9	22,1	24,4	31,7	28,7
PRD	-	-	-	22,7	26,9	27,4
PSOE	34,1	34,9	37,2	33,4	36,6	32,9
MALA (8)	Dic. 83	Abr. 84	Oct. 84	Abr. 85	Ago. 85	Oct. 85
AP	40,9	40,0	41,5	49,8	49,1	50,1
CiU	30,3	25,9	33,4	36,5	33,7	32,2
CDS	37,1	34,8	35,5	31,9	30,3	31,7
PCE/PSUC	46,3	44,1	48,3	52,2	53,6	58,1
PDP	33,3	33,5	38,1	39,3	40,5	37,1
PNV	42,9	39,5	48,9	46,0	41,6	47,1
PRD	-	-	-	28,9	29,0	30,0
PSOE	18,0	23,5	28,4	29,8	30,2	32,1

Key to Chart 10:

1. The parties, under examination
2. Could you give me your opinion of each of the following political parties?
3. Good
4. Dec
5. Apr
6. Aug
7. Fair
8. Poor

2909
CSO: 3548/24

NORWEGIAN, SWEDISH JOINT ARMS PRODUCTION PROGRAM CONTINUES

Oslo AFTENPOSTEN in Norwegian 24 Jan 86 p 2

[Article: "Defense Forces Buying Much in Sweden"]

[Text] During the past two years Norway has had a certain predominance in purchasing contracts for defense material in its trade with Sweden. This has caused concern in Norway, and it is one of the points discussed at the meeting in Stockholm between Swedish Defense Minister Roine Carlsson and his Norwegian counterpart Anders C. Sjaastad.

This cooperation in development of defense material has been in effect by agreement for two years. The first year was mainly for establishing contact and informing industries and authorities concerned, and to determine the general areas of cooperation.

Firming Up

Last year they went a step further by firming up Swedish-Norwegian cooperation for the short as well as the long term, and this has been the primary purpose for the meetings which have been held between the two defense ministers.

Besides discussing the situation in general, Sjaastad and Carlsson have approved a working program of cooperation between the two countries in this area, and certain special measures which can be implemented in the shorter term.

Predominance

In this connection it is believed that the Norwegian defense minister has emphasized his concern to his Swedish colleague that we are buying more from the Swedes than they are buying from us. Through an agreement which has now been reached it is hoped that cooperation will be increased and the concern relative to the imbalance in development of defense material between the two countries will be alleviated.

9287
CSO:3639/67

BASES ISSUE REVIEWED: TRADE-OFFS NEEDED

Athens ANDI in Greek 16 Jan 86 pp 18-21

/Article by Stavros Ligeros/

/Text/ In the past 10 years the future of the American bases in our country has been one of the key points of our foreign relations and of our internal political life as well. It is known how the traumatic experiences from the dictatorship and the Turkish invasion and occupation of Cyprus have increased the popular sensitivity and have linked the issue of the American military personae with the dynamic demand for national independence.

Yet the difference between Greece and other West European countries with American bases on their territory is not due only to the psychological syndromes which resulted from these experiences. In the case of almost all European countries--the two German states, for example--their national security depends absolutely on the dynamics of the East-West relations. Greece is the only European country which is threatened directly and by a member of the same alliance moreover. The military interests and expediencies of the Atlantic Alliance do not usually keep pace with the Greek defense needs and priorities. The traditional "danger from the North" as the NATO plans paint it does not in reality exist except in the event of general war while, on the contrary, the "danger from the East" is both real and direct.

This particular situation explains to a large extent the sentiments of the Greek public opinion as concerns the question of keeping or removing the American bases. Therefore, the American military presence here is not considered as a contribution to the collective defense, but as a limitation of our national independence and, in several cases, as a factor undermining our very national security.

This view, even though absolutely justified, is not, however, sufficient for charting a policy as concerns the bases. The issue is directly linked with the correlations of the forces and the existing military balances in the broader area. The critical question for the government which thinks the existence of the bases hurts rather than helps the national interests is whether the cost of their removal--a rift, that is, with the U.S.--is greater than the cost of a negotiatory process with an uncertain result.

The PASOK government has chosen the second solution. The 1983 agreements ended the first phase of the negotiations but as we found out from the development of the Greek-American relations, the issue of the bases has not ceased to influence decisively the bipartisan relations.

The Double Role

The bases have a dual importance: operational and political. Mostly, all important operations of the bases in Greece aim at serving in many ways the 6th Fleet. Operationally, the bases in our country are an integral part of a long chain of American bases which allows this superpower to maintain its military and political superiority in the critical Mediterranean basin.

Therefore, since the bases in Greece are a component element of the existing power balance in the area, and since the Greek side has an open front as concerns its national security, it would be a mistake for one to consider the issue of the bases from one point of view only--to see them, that is, exclusively and only as dynamic supports of the American influence--supports which limit our national independence. This political role of the bases is intertwined with the operational role we mentioned above and explains the real mission the bases have for Washington.

It is evident that the U.S. will do all within its power to avoid the removal of the bases. The loss of their land and operational supports in Greece would not only cause an irreplaceable gap in the American strategic chain, but it would also constitute a particularly negative political precedent for the American hegemony. There should be no doubt, therefore, that removal of the bases is tantamount to a rift, nor should there be a doubt that the bargaining on this issue in the next few years will be accompanied with "below the belt blows," except of course if a solution is found soon which would satisfy the American side.

Serving NATO's Aims?

It is apparent that the main bases (Elliniko, N. Makri, Souda and Gournes) and the Defensive Telecommunications System (fire stations in Parnitha, Patera, Levkada, Khortiati and Edderi of Irakleion) are not NATO installations. This derives not only from the fact they were not constructed nor are they maintained by the NATO Common Infrastructure appropriations, but also from the fact that they are not included in the installations which, according to NATO's plans, the forces of the Atlantic Alliance will be using.

The NATO bases are: The Preveza airfield where the AWACs will be stationed, the firing range in Crete, the network of stations for advance warning, the Allied commands with headquarters in Greece, etc. Of course, all these bases are headed by a NATO commander which is not the case with the American bases.

Besides this, however, the most important proof that these bases do not serve NATO aims is that their main mission is oriented toward the Middle East and

North Africa areas which are outside the NATO zone of responsibility. This analysis of the functions of the bases supports the position that they only serve the strategic and politico-economic interests of the U.S.

The correlation of the bases with NATO's aims can be done only indirectly and on the premise that the protection of a country-member with a prevailing position in the Alliance ranks or serves NATO's objectives by extension. More specifically, the argument has been advanced that part of the information gathered by the American bases is passed on to other countries-members of the Alliance. It has also been said that the operations for the support of the 6th Fleet constitut also a NATO activity since this fleet, besides its national role, bears also NATO's mantle under the code name Comstrikforsouth.

This is not a sound view since the aforementioned operations are not subject to Allied restrictions. However, the most significant fact is that these operations are contrary to Greek national interests. If, for instance, certain Western countries desire a formal or informal extension of NATO's activities to the Middle Eastern area--since such a thing would in their opinion strengthen their defense--such an extension does not constitute an Allied obligation.

From this point of view, no obstacle exists for the removal of the bases. The American "accommodations" in Greece exist as a result of a bilateral agreement and independent of the fact that both sides are NATO members. Washington's firm position that the defensive cooperation is carried out on a bipartisan basis and within NATO's framework is not difficult to understand since it indirectly shows that the provision of accommodations derives from Allied obligations and therefore the demands for recompenses are limited.

What is not easily understood is why the Greek side in 1977 and 1981 accepted this position. One reason could be that they did so in order to decrease the negative impression of the public. A second possible reason could be that such a provision exists also in the Turkish-American agreement which determined to a large extent the framework of Greek-American negotiations. But the decisive difference between the two cases is found in the fact that the American bases in Turkey, in contrast to those in Greece, are mainly oriented toward the Eastern coalition and serve, therefore, NATO aims. Had Athens accepted only the maintenance of the operations which serve NATO objectives, this would cut back the American activities provided of course that Greece had the possibility of exercising control over such activities. As we shall see when we analyze the proposal for the "Hellenization" of the bases, such a possibility is very limited.

Common Defense Aims

The view about common defense aims recognizes that the bases serve American interests even outside an area of NATO's responsibility. It justifies, however, their remaining in Greece by introducing the element of simultaneous support of Greek defensive needs, which also happens to be the same as those of the U.S. What could these defensive needs be?

Let us start with the "threat from the North" which the NATO planners invoke. In the event of such a crisis the Allied plans provide for having the forces here join a movable NATO force, known as AMF /Allied Command Europe Mobile Force/ as well as other complementary forces. The role of these forces is deterrent, but in the event of a clash their role is retardatory because NATO's strategic priorities do not provide for an effective Allied defense of the Northern Greece area. At any rate, the American bases are not connected with the defensive coverage of the Greek space in the event of a theoretical attack by the forces of the Warsaw Pact.

As concerns the "threat from the East," Washington has carefully avoided assuming any commitments. It has, moreover, reneged even from the obligation it has assumed with the known Kissinger letter to /then Foreign Minister/ Bitsios. The presence of the American bases in no case functions as a deterrent force because it does not prejudicate the political will of the Americans to avert a Turkish attack. If they wanted, the U.S. could completely neutralize the threat from the East by guaranteeing our eastern borders.

The central problem with the accommodations is the possibility of a Greece-Turkish clash. The existence of American detachments in important Greek installations coupled with the immense electronic possibilities in certain sectors, such as information gathering, add one extra Greek defensive dependence on Washington's plans and options.

Greece has nothing to gain from the activities of the American bases since these activities concern the Middle Eastern and North African area. Even if the Americans were willing to give information or even offer defensive coverage, these areas are of no special defensive interest for the Greek side. On the contrary, the activities of the American bases create problems for the very good political and economic relations of our country with the Arab world.

The Hellenization of the Bases

The Hellenization of the bases is a position the Greek side advanced during the negotiations of 1976-77 and 1981. According to this position the American bases appear as Greek military installations, the American activities as an organic section of the operations performed in the Greek installations and, finally, Greek commanders control and administer all installations and activities.

The Athens demand was quite large to be true. If, moreover, we take into consideration the fact that the Hellenization demand was accepted by Washington, it is easy to understand the criticism according to which this position aimed to simply mislead Greek public opinion.

That the proposal of Hellenization served mainly to ameliorate the negative impression of public opinion is proved by the fact that the 1977 agreement includes secret supplements which completely debilitate the meaning of the words "Greek control and administration." The American side never accepted actual Greek control of the activities of its detachments. Particularly, as concerns the operations for information gathering in the Gournes and Elliniko bases to which, moreover, the secret supplements refer, the Americans did not even allow the Greeks to approach the cryptographic areas. The Hellenization was provided for in an official text while at the same time it was voided by the secret agreements (1977). This is the reason Washington accepted it when in 1981 Athens attempted to avoid secret supplements to the agreement. There were some difficulties which had no impact on the American activities since solution of the issue was postponed to a future date.

Yet the U.S. did not fail to make it clear that it would not accept any demands for substantive control (Haig and Weinberger letters in June 1981). But the 1983 agreement provides that Greeks can enter the cryptographic areas provided certain conditions are met and the American authorities are notified in advance.

Bases and Recompenses

The agreement now in force clearly states the political positions of the present government on the issue of the bases. The PASOK government has made it clear that the American bases do not serve Greek national interests; nor do they do so under the pretext of serving NATO objectives or of other common (with the U.S.) defensive targets. It has also made it clear that the Hellenization theory is deceiving. This is also shown in the 1983 agreement which refers to a "Greek representative" and not to a "Greek commander," a title which in no case corresponds to its real duties.

The Athens position that the bases serve exclusively American interests is correct and at the same time leaves margins for movements by the Greek side--from demanding important recompenses for the accommodations it provides to limiting the number of activities of the bases or both; or even to demand their complete removal. With regard to the last two possibilities, it is clear that they depend on the way the government assesses all aspects of the correlation of the forces since the government has publicly made it clear that the bases do not serve but hurt our national interests.

It is not our aim to tell the country's political leadership what direction to follow or how to handle the issue of the bases. Nor do we intend to ask what the national interest demands which is also the desire of the large majority of the Greek people: the removal of the accommodations". We do not do so b because for such a removal more is needed than political will: the creation of conditions which will help overcome without traumatic losses, the crisis which will result from the inevitable rift with the U.S.

Furthermore, even if we consider as given the political will of the PASOK government, it is not a given that the present government can create such conditions.

But if removal of the bases is a critical decision since its impact can become decisive for the developments to follow, the claim of political, military and economic recompenses is not only a legitimate step but an elementary obligation of every government--more so when the political view of such a government aims at promoting this point. In other words, recognizing that Greece is very small to unilaterally decide on the removal of the bases, it is interested in exacting as great a recompense as possible.

Of course the agreement now in force is an executive agreement. In other words, it does not bind Congress which also has the last word in matters of foreign assistance. Thus, Athens was compelled to limit itself to the statement of the American government that it will exert every possible effort to fulfill the provisions of the agreement for defensive and economic cooperation, provisions which favor the Greek side.

However, the problem is that 2 years after the signing of the agreement nothing has been done as concerns the recompenses. And this delay could be understood if it were due only to the inconsideration and collusion of the U.S. The problem is much bigger because there are indications that the Greek government also has not made serious efforts toward this end. On the other hand, no sooner had the agreement been signed when Washington began increasing its pressure in an effort to extract from Athens a binding statement that the bases will remain.

7520
CSO: 3521/83

NORTHERN FORCES COMMANDER ON NATO PRESENCE IN NORWEGIAN SEA

Oslo AFTENPOSTEN in Norwegian 31 Jan 86 p 56

[Article by Liv Hegna: "Lieutenant General Ulf Berg Says NATO Presence in Norwegian Sea Too Little"; first paragraph is AFTENPOSTEN introduction]

[Text] "NATO does not have the capacity for permanent presence in the Norwegian Sea. Norwegian defense forces are only partly capable of moving American advance supplies from Trondelag to North Norway. Air defense is the weakest point. It is costing more and taking longer to modernize the Army than expected." These are some of the points that the commander in chief of North Norway, Lieutanant General Ulf Berg, made in an interview with AFTENPOSTEN.

"There is a significant discouragement in the American advance storage of material, even though it is placed in Trondelag. It is a challenge to the Norwegian defense forces to ship this equipment north where it will be needed. We have a clear understanding of how it should happen, but it costs money to practice the evolution," said Lieutenant General Ulf Berg. To the question of whether he considered the ability of the defense forces sufficient to defend the line of communications from southern Norway to North Norway he replied: "To protect this transport is a task which we can only partly manage ourselves. One of the possibilities that we are considering is to plan for larger and smaller shipments. Plans in this area will be firmed up when the advance storage is completed."

New Brigade Structure

"We have had plans for a long time to modernize the Army. The changeover to the new brigade structure 90 takes an especially long time. Very few resources have been set aside to carry it through. Previously the importance of armor protection was discussed. Now the attitude is different. Now it is considered that it would also be useful in North Norway," said Berg.

"But the mission for the brigade in North Norway in case of war is static defense of the area. In order to do that they must dig in. Is that a task for armor protection?

"Static positions are generally difficult to defend in our time with the threat of aircraft and helicopters that we confront. That especially applies in North Norway where there are no green trees and bushes to hide behind. In the summer it is daylight around the clock. But it is not a question of digging in, they must blast their way in. It will therefore take a long time to transfer the troops, and the solution lies in armored protection," said Berg, but he admitted that air defense is the the weakest point in the defense forces today. As far as the Army is concerned, Missile-70 together with modernization of gun ammunition is suitable protection against the helicopter threat, said Berg.

Norwegian Sea

"But if the defense of Norwegian territory is to succeed, naval strategy along our long coastline must be credible. Does the answer lie in the permanent presence of an American carrier group?"

"I do not believe that the alliance has the resources for a permanent presence in the Norwegian Sea. Realistically, I would like to see the United States maintain a firm training pattern of one exercise per year in the Norwegian Sea. To operate in a more advanced way in this area is, however, no 'new strategy,' as some seem to claim. It is actually a matter of deploying ships in a more effective manner."

Lieutenant General Berg denied that an American aircraft carrier can be destroyed by small submarines such as the Norwegians have if they are using antisubmarine measures. He was thinking of the report that a Kobben class submarine "got" the USS America while it was in Vestfjorden. But at that time the carrier was not utilizing antisubmarine measures. "Having said that, I want to emphasize that Norwegian submarines are a significant threat in the narrow Norwegian fjords to personnel and material," he said.

Mine Threat

"Mine warfare is a priority field for the Soviets. Will we be able to meet that threat?"

"Our resources are less than we would like. But I am relatively optimistic. We have worked out a system which will make it possible to discover minelaying, and we are practicing with dummy mines in the fjords. Mine warfare units from the Channel Command have trained in Norway."

Lieutenant General Berg has held the position of commander in chief of North Norway for four and one-half years. He pointed out to AFTENPOSTEN that he did not want to be pensioned in March 1987. Then he will be 60, which is the age limit, and must go like everybody else in the defense forces. "I don't want to hang around the washtubs with my wife. We will see what happens before then," said Lieutenant General Ulf Berg.

9287
CSO:3639/67

GRIMSTVEDT: COASTAL ARTILLERY WEAK POINT IN NAVAL DEFENSE

Oslo AFTENPOSTEN in Norwegian 28 Jan 86 p 80

[Article by Liv Hegna: "Inspector General of the Navy Says Coast Artillery is the Navy's Weakness"; first paragraph is AFTENPOSTEN introduction]

[Text] The chief of defense has drawn up a structural plan for future years which signals the priorities for the next 15 years. For the Navy the strongest negative impact is on the Coast Artillery, said the inspector general of the Navy, Rear Admiral Bjarne Grimstvedt, speaking to the Oslo Military Society on Monday. The admiral also raised the question of whether the lack of work in Norwegian shipyards could not be helped by passing the subsidy funds to the shipbuilding industry through the Navy, which today badly needs new ships.

As for the Navy's ability to protect supply lines, harbors and bases, Grimstvedt described the outlook as dark.

"If we are to maintain our competence and capacity we are running out of time when it comes to the delivery of new minesweepers," he said.

The ongoing modernization program for the five frigates and corvettes of the Oslo class will be completed before 1990.

"The decision to carry out the modernization program will put us in a better position to carry out the important task of protecting supply lines. That is most important for the Army," he said.

The inspector general of the Navy said that this summer the chief of defense will be presented with a revised plan for the Coast Artillery.

Grimstvedt also said that for its ammunition the Navy must think in longer terms than before, and participate in projects which demand longer series with more consumers in order to force the prices down.

"The Navy has a great need for new ships. Norwegian shipyards lack work and are subsidized in order to keep them active. Why not channel public subsidy funds through the Navy to the shipbuilding industry?" asked Grimstvedt.

He also asked for new thinking and flexibility in the economic area: "Why not take out loans to speed up material procurement? That could give both economic and preparedness advantages."

NCO System

Bjarne Grimstvedt said that they are already seeing the obvious and unfortunate consequences of the new NCO system: "Even the assignment procedures for NCO applicants have become so complicated and bureaucratic that positions which become vacant must also remain vacant for several months so that the procedures can be carried out in accordance with the system. Our ability to assign NCO's so that their capabilities are utilized in the best way is strongly reduced. Experience shows that most of them prioritize the positions which give promotions in grade instead of positions in which their capabilities can best be utilized," said Grimstvedt.

He talked about the situation in which a Navy captain in 1967 held the same pay grade as a head of an administrative department, but now he is six pay grades behind: "We are seeing the result. We are experiencing large numbers of departures among the younger captains. On the average they receive 70-100 percent increase in pay when they go into civilian life," he said.

In addition Grimstvedt said that discontent is often caused when the spouses' work situation keeps the families apart. Spouses should be given priority for jobs at places where junior officers and NCO's serve and where appropriate positions are available. Defense aircraft routes should be improved and defense communications, including after working hours, should be at the disposal of personnel, said the admiral.

'Wide-Awake People'

In connection with submarine reports, Bjarne Grimstvedt emphasized that there are many wide-awake people in this country, including fishermen and seamen, lighthouse keepers and others who are not connected professionally to the sea:

"I want to say thanks who those who instinctively have their eyes directed toward the sea. A single foreign submarine in Norwegian waters is unacceptable. Including the fjords we have a coastline of 21,500 kilometers. That is the responsibility of the Navy," emphasized Rear Admiral Bjarne Grimstvedt at the Oslo Military Society on Monday.

9287
CSO:3639/67

ARMED FORCES COMMANDER, ADMIRAL ON NAVY'S NEEDS, PROBLEMS

Submarine Violations Concern Commander

Oslo AFTENPOSTEN in Norwegian 14 Jan 86 p 8

[Article by Arve Hoff: "Chief of Defense Bull-Hansen on Submarine Violations: Our Sovereignty at Sea Is in Danger"; First paragraph is AFTENPOSTEN introduction.]

[Text] Stockholm, 13 January. The Norwegian Chief of Defense Fredrik Bull-Hansen said that the submarine violations in Norwegian and Swedish waters can over the long term undermine the sovereignty of those two countries at sea--similar to what has already happened in their airspace.

Bull-Hansen spoke in an interview which was published in Sweden's largest morning paper, DAGENS NYHETER, on Monday.

The same day the Swedish press reported that a prominent British scientist believes that in 1982 Sweden voluntarily allowed a Soviet minisubmarine to escape, and that the second in command of the Swedish Ministry of Foreign Affairs went to Moscow to discuss a wide range of bilateral and international questions.

Obviously the occurrence of these two events at the same time was a coincidence. This coincidence also serves to emphasize how highly current relations with the East always are in Swedish politics.

The man behind the sensational assertion that Sweden in 1982--during the lengthy and dramatic antisubmarine action in Harsfjarden just south of Stockholm--probably allowed a trapped Soviet minisubmarine to escape is professor John Erickson of the University of Edinburgh. He is one of the West's leading experts on Soviet military strategy and technology, and on one occasion he was also consulted by the Swedish Submarine Commission which investigated the events in Harsfjarden and numerous other submarine incidents and reports.

Erickson's thesis, which has been strongly denied by Swedish officials, is said to be based on thorough investigation of the available material. Erickson told SVENSKA DAGBLADET, among other things, that he discovered several well-concealed "key sentences" which applied to reportedly intense diplomatic activity between Moscow and Stockholm before the minisubmarine disappeared.

In the interview with DAGENS NYHETER, Chief of Defense Bull-Hansen would not exclude the possibility that the Soviet Union is trying to eliminate the claims of smaller states to sovereignty over sea areas in a way similar to what has been done in airspace.

He said that the superior technological capability of the superpowers, represented by satellites, has quickly undermined the view of airspace as national territory. In a few years outer space and the upper reaches of the earth's atmosphere have become freely available to the superpowers, and so where can the boundary now be drawn for the airspace which each sovereign state wants to defend?

"The boundary is as high as one's own means make possible, as high as one can reach with missiles or aircraft. Clearly the sovereignty of small states has been reduced thereby. But that is inevitable if we do not have the means to influence developments," said Bull-Hansen, who sees similar problems in the area of submarine violations:

"If it should become a habit for a nation which has strong military power to violate other nations' territorial waters, then it is serious. We have reason to say that this is a tactic and a technique being used by the Warsaw Pact states."

DAGENS NYHETER writes that Bull-Hansen is very careful to emphasize that his remarks are of a general nature and do not apply primarily to Sweden, as he is very careful about expressing himself on the military situation of Norway's neighbor.

"But a change which has affected all the defenses in the Nordic countries is that we, as developed countries with a small population base have difficulties keeping up with the cost increases imposed by technological development. In relation to the external threats, therefore, our countries are militarily weaker," said the Norwegian chief of defense, who emphasized that during the entire postwar period the Soviets have invested enormous amounts in increasing their military strength.

The submarine violations in Swedish waters is probably one of the questions which will be taken up during the visit to Moscow of Undersecretary Pierre Schori of the Swedish foreign ministry which began on Monday. But Schori's main job will be to prepare for Prime Minister Olof Palme's planned visit to Moscow in the spring, and to advance the improvement in Swedish-Soviet relations which, according to the Swedish Government, began last summer. That was when Soviet Vice Foreign Minister Viktor Maltsev visited Stockholm.

Admiral Warns on Funds

Oslo AFTENPOSTEN in Norwegian 15 Jan 86 p 24

[Article: "Admiral Grimstvedt on the Navy: Need Investment of 15 Billion"; First paragraph is AFTENPOSTEN introduction.]

[Text] If the Navy is not allocated more resources its combat capability cannot be maintained. During the next 10 years the service will require an average investment of 1.5 billion per year. These were the words of the Inspector General of the Navy, Rear Admiral Bjarne Grimstvedt, speaking to the Defense Forum. "Although the budget is satisfactory in many respects, we are working with large shortages. The 50 ships we received in military assistance at the beginning of the 60's badly need replacement," he said.

As for the renovation of the escort ships, the frigate KNM Trondheim was the first ship delivered to Bergens Mekaniske Verksted at the beginning of December. Before 1990 the last of the escort ships will be renovated, said Grimstvedt to the Defense Forum. He emphasized that the modernization of the Coast Artillery is going according to plan:

"The development of the Coast Artillery is my highest priority task," said Grimstvedt, and he said that a working group has been appointed to find acceptable solutions to the expansion of the Coast Artillery within a reasonable economic framework.

In addition Admiral Grimstvedt said that the Navy should improve its ammunition supply, and should begin thinking about renovation of the motor torpedo boats and the next class of submarines.

On the personnel side he said there is a need for 150 new positions in the Navy, and that the supply department especially needs more people.

"The introduction of the new rules governing working hours continues to create problems for service out in the units. Reduced maintenance is one consequence," said Grimstvedt.

The inspector general said he was pleased with the number of applications for non-commissioned officers schools. "But as for the the assignment procedures, they are both difficult and bureaucratic. It takes too long to fill vacancies from one position to another. It does not help the situation that we have had 150 men in refresher training," he told the Defense Forum, but he added that before the fall of 1987 there would only be 70-80 men in refresher training.

Rear Admiral Bjarne Grimstvedt also said that he is pleased that they have acquired a tactical trainer for the training center KNM Tordenskjold at Bergen for one-tenth of what a modern trainer would have cost. "We have a 60-70 percent solution for only 8 million," said the inspector general of the Navy at the meeting of the Defense Forum.

9287
CSO:3639/60

FIRST WOMEN IN MILITARY AIR SCHOOL

Oslo AFTENPOSTEN in Norwegian 31 Jan 86 p 56

[Article by Liv Hegna: "Berit Has 'The Right Stuff'!" First paragraph is AFTENPOSTEN introduction]

[Text] Vaernes, 30 January. "She is a super pilot. The girl has 'The Right Stuff'." That is how flight instructor Lieutenant Laimi Jaucis describes Berit Havelsrud's flying capabilities. The 19-year-old girl has now completed the pilot program at the Basic Military Flying School at Vaernes. Now she will begin the lowest class at the military academy before the group goes to the United States for further pilot training.

Berit appears to be unaffected by the praise which surrounds her. Rather modestly she says that she had only flown once in her life before starting at the military flying school. "That was in a little Videroe aircraft. I had visited some relatives, and went from Leknes to Bodo," she said.

"Was that when you were bitten by the flying bug?"

"No, I thought about what I wanted to do when, a long time ago, I talked to the counselor at Dokka High School. I thought about pilot training for three years before I finally applied," she said.

Berit Havelsrud is the daughter of a railroad official. Several years ago possibly the railroads had the same attraction as aviation has today. But apart from that there is nobody in Berit's family or circle of friends who is or has been a pilot. The closest she can come to that is that an older brother served as a conscript on a Nike battery at Valer.

But Berit can display top awards in the sports field: Second place in the school's infantry run, third place in the three kilometer run and second place in the eight kilometer run. Could that total be improved upon?

"I do not feel that I am in as good shape as I was when I was in junior college. The surroundings here are not as physically demanding as I expected," she said.

But such good results would be natural for Berit, as she aspired to be a fighter pilot. Berit replied, "That would be interesting, but in case of war, maybe I would not like being a fighter pilot so much."

"Is it permitted for girls to fly fighter planes?"

"It says on my medical certificate, 'No fighter planes.' I do not know the implications of that. But I am very happy with the prospect of flying the surveillance plane Orion."

"Can you imagine applying to SAS after completing your obligated service?"

"I can't tell. It depends on how happy I am out in the squadrons," said Berit. She talked a little about further war college education and a career in the military. Yes, that would surely also be very interesting.

Equality is in place at the Flying School at Vaernes, according to Berit. She was told to cut her hair out of consideration to her male colleagues: Nobody should have anything to criticize about the girl. Berit did not deny that a trip to the barber was one of the first things she did. In the meanwhile she feels cozy with the boys in the classroom, up in the aircraft, and at parties at the Stjordalsstua. She applies her shoepolish and cleans her room like all the others. Student pilot Berit Havelsrud is very pleased with her career choice.

9287
CSO:3639/67

ELITE UNIT FORMED TO COUNTER SOVIET SPETSNAZ FORCES

Unit Would Oppose Sabotage

Stockholm DAGENS NYHETER in Swedish 22 Jan 86 p 5

[Article by Anita Sjoblom]

[Text] Protection against foreign saboteurs has already been initiated within the Swedish military. The navy will train special antisabotage units and the air force has special surveillance forces at air bases. But this protection does not include military personnel in their homes, which are believed to be targets for saboteurs.

The military is aware of its vulnerability to foreign saboteurs.

"We have always realized that there are saboteurs, but not that they have been so active in our territory. During the past few years, however, all the foreign submarines have made us realize that they are extremely active," said Claes Sollbe, chief of the navy's tactical and intelligence division.

"For this reason, the navy has begun to plan for the training of special antisabotage units. They will be commando units of some type, but with training that is not offered today."

In times of peace these units will conduct surveillance directed toward preparations for sabotage in Sweden by foreign powers. They will also test the surveillance system of the military in order to improve it. In times of war these units will receive more concrete surveillance tasks and they will take care of foreign saboteurs.

High demands--both physical and psychological--will be placed on these units.

"They will be elite soldiers," Claes Sollbe said. "We do not have the resources to hire personnel for these units, however, so they will be comprised of inductees."

But the creation of antisabotage units is not the only step that the navy has taken to defend against foreign saboteurs.

"We have reexamined all our surveillance routines," Claes Sollbe said. "Our units are not nearly as open as they were before. Surveillance forces now maintain a higher level of preparedness and our personnel, in general, has become more aware of the activities of other countries."

Commander Hans von Hofsten has written two articles that appeared in DAGENS NYHETER dealing with the threat of foreign saboteurs and how the Swedish military can be defeated if certain key persons are murdered.

"This is primarily a task for the security police. We cannot do everything, including protecting military personnel in their homes," Claes Sollbe said.

"We cannot keep an eye on every pilot," said Jan Roth, head of a group that is evaluating the threat within the air force intelligence and security division.

"Of course, sabotage against pilots in their homes would be a severe blow, but that is not enough to win a war," he said.

"I do not believe that sabotage of this type will strike like a lightning bolt out of the blue. During mobilization our personnel can be protected at our bases."

"For this reason, we are concentrating on more general measures. Our air bases are widely scattered geographically. In addition, for several years our materiel within the bases has been widely scattered. This causes surveillance problems, but we have solved them with special surveillance units on the bases."

Jan Roth also pointed out that the awareness of air force personnel had increased in recent years. They have also been encouraged not to "advertise" their profession unnecessarily by the way they dress, for example.

Air Force Vulnerability Cited

Stockholm DAGENS NYHETER in Swedish 22 Jan 86 p 5

[Article by Bengt Falkkloo]

[Text] If several hundred Swedes are murdered, not a single Viggen fighter can take off. This is one of the figures that the Swedish Security Service is dealing with in its plans to stop saboteurs.

According to SAPO (Security Service), many of these saboteurs are already in Sweden. They may have lived here for years. They may be Swedish citizens who are just waiting for orders from their homeland to begin implementing their plans.

In articles on DAGENS NYHETER's Debate page in the Monday and Tuesday editions, Commander Hans von Hofsten expresses his fears concerning the degree to which the Swedish military and its personnel have been charted by foreign powers. He describes how Soviet and other Eastern agents know, for example, how Swedish officers have arranged their bedrooms.

Measures

"Do the Swedish people know about this?" Hofsten asks.

Not the Swedish people, perhaps, but the Swedish Security Service has known about it for several years. Measures have already been taken to stop the activities of saboteurs.

Naturally, no one will say exactly how this is being done, but it is no secret that SAPO is watching "certain" foreigners extremely closely and that both SAPO and the military are working together with foreign police forces and intelligence organizations.

In addition, air bases and other facilities are now watched by special commando units with dogs. Fighter pilots can be protected by giving them unlisted telephone numbers and removing their pictures from the walls of their own headquarters, so that no one from the outside will recognize them. Officers and other key persons in the other service branches are also being "hidden" in this way.

Spetsnaz

Sabotage activities go beyond Polish students who travel around the country trying to sell paintings of poor quality, while marking air fields, armories, and the homes of officers on their maps. There are also genuine sabotage units.

These go under the name of "Spetsnaz Units." Spetsnaz is Russian and means "special assignments."

According to the security forces of the Swedish military, these special assignments include interfering with and sabotaging the Swedish military and Swedish society before an attack.

The foreign agents may come to Sweden just before an action. They may be sportsmen, members of public delegations, ship crews, tourists, or truck drivers. They may come to Sweden many years in advance, however, as refugees, for example.

The saboteurs may be employed by foreign embassies, consulates, or trade delegations, but in this case they are probably not diplomats, but chauffeurs, guards, or office workers.

Agents based in Sweden are intended to receive groups of saboteurs from foreign countries who are sent on assignment to Sweden. According to the Swedish security service, it may be assumed that the four to 12 members of such groups speak Swedish. They are well trained for their missions.

Other tasks of the agents based in Sweden may be to find and scout out suitable objectives for sabotage, procure materiel, and act as guides.

Invader Could Use Register

Stockholm DAGENS NYHETER in Swedish 22 Jan 86 p 5

[Article by Olof Bergman]

[Text] Sweden, with its population of about 8 million, is probably the easiest country in the world for a foreign power to keep tabs on. Here it is possible to go to the postal service and purchase a register of addresses for the defense staff, a military region, the inductees office, army, navy, and air force units, military corps, and schools. All this information has been collected in the PAR data register.

In an article on the Debate page of Monday's DAGENS NYHETER, Commander Hans von Hofsten wrote: "An attacker would know exactly how many submarines and missile boats Sweden has, their names, where they are stationed, and what equipment they have. He knows exactly how many air force wings we have, what types they are, and where they are located. He knows the name of every officer on every ship and at every air force wing. He also knows where all these officers live and, in many cases, where their bedroom is located. There are no more than several hundred in key positions of particular importance. He knows all this and more from current and reliable public sources.

PAR

The Postal Address Register, abbreviated PAR, is perhaps the best public source a foreign power could hope to find. Compilations of addresses for practically all areas of Swedish business, administration, and defense can be purchased from PAR for a small fee.

The basic fee is 290 kronor, plus 1.80 kronor per person or 1.20 kronor per company to order a list with telephone numbers. Of course, the purchaser should be a firm of some kind, such as a travel agency.

Otherwise, through a certain amount of work, all the information can be obtained from various reference works, catalogs, and data registers.

The government calendar, the officers roll, and telephone directories are standard works that can be used. The Computer Center for Administrative Data Processing, DAFA, has a complete personal register, as does SCB (Central Bureau of Statistics), which are for sale.

The added feature of PAR is that a purchaser can "tailor" the register to certain professions, households, family relationships, and interests. In addition, PAR is updated continuously through cooperation with the Telecommunications Service. Each month changes are reported in the Yellow

Pages of the telephone directory and in corporate directories.

A special PAR guide lists all addresses that can be purchased. Businesses and the public administration are divided into eight groups.

Here it is possible to keep up with all of Sweden's mines, manufacturing industries, electrical, water, and heating utilities, air and sea transport, and the mass media.

Inexhaustible

It also gives examples of how to locate target groups. It states: "Assume that you want to reach seamen and look up 'shipping companies.' If you read above and below the list of shipping companies, you will find marine surveying, harbor pilot districts, canal agencies, tug companies, sea transport firms, diving companies, and salvage companies. One or more of these groups will almost certainly be of interest as target groups for a message that is designed for seamen!"

A quick inspection of the guide gives the impression that it must be an almost inexhaustible source of information for the diligent spy. It is possible to obtain personal addresses for all of Sweden's leading technicians, research and development leaders, top computer experts, and people in charge of production and construction. The guide also provides addresses for physicists, mining engineers, chemical engineers, and electrical engineers.

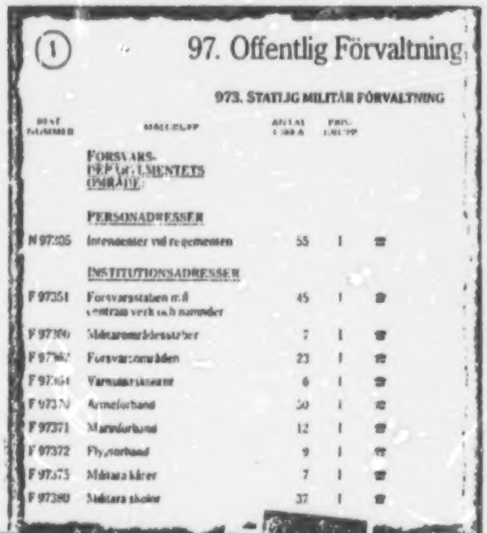
Addresses are available for the aviation industry, airplane repair shops, shipyards, shipbuilders, boatyards, and boatbuilders. Power plants of the National Power Administration are also included, along with electric power distributers and producers, water and sewerage works, and heating plants, all of which are of great strategic significance.

DAFA also sells registers commercially to businesses. DAFA has access to all information on citizens through the SPAR register, which means Coordinated Person and Address Register.

From this register, sellers of direct advertising and market researchers can select various categories of citizens based on information they believe will provide the right "target area." It is impossible, however, to select categories according to professions, for example, DAFA public relations chief Jan Stahlberg said.

SPAR is a totally public register, however, that DAFA uses commercially. First a basic price is charged, after which additional charges depend on how much information is obtained. A register of 100,000 addresses may cost about 30,000 kronor.

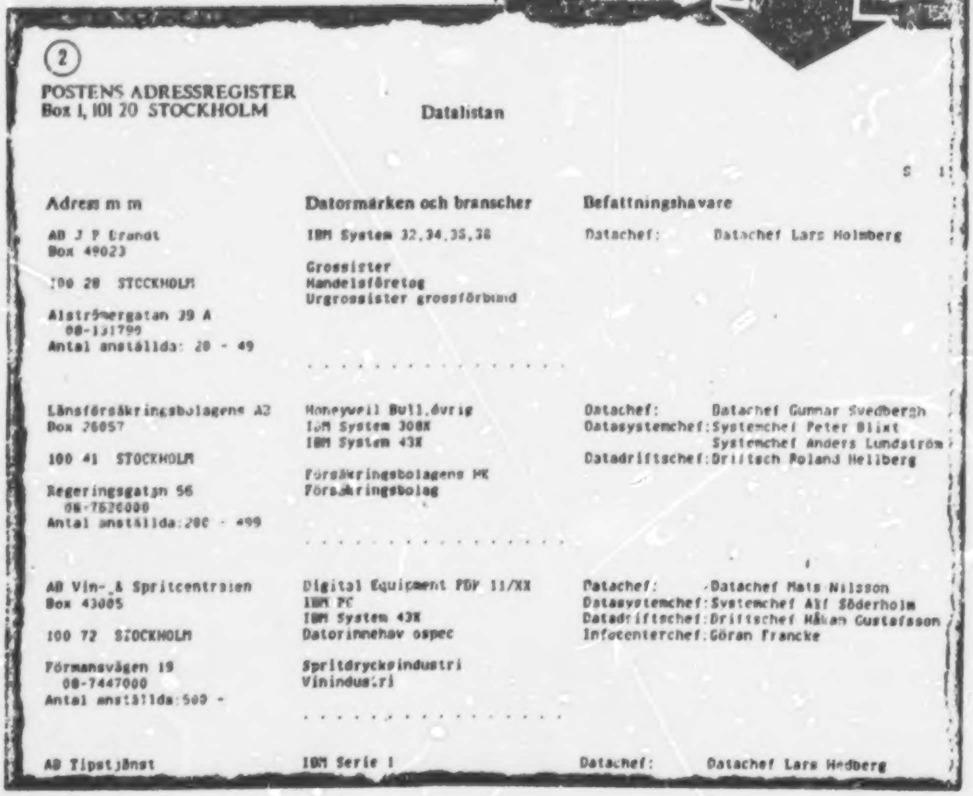
1. The PAR guide can be used to obtain a detailed list such as this one . . .



① 97. Offentlig Förvaltning

973. STATLIG MILITÄR FÖRVALTNING

BEST NUMMER	MÅLGRUPP	ANTAL [illegible]	PRIS-GRUPP	
	FÖRSVARSDEPARTEMENTETS OMRÅDE:			
	PERSONADRESSER			
N 97305	Intendenter vid regementen	55	1	☎
	INSTITUTIONSADRESSER			
F 97351	Försvarsstaben m.fl centrala verk och nämnder	45	1	☎
F 97360	Militärområdesstaber	7	1	☎
F 97362	Försvarsområden	23	1	☎
F 97364	[illegible]	6	1	☎
F 97370	Arméförband	50	1	☎
F 97371	Marinförband	12	1	☎
F 97372	Flygförband	9	1	☎
F 97373	Militära kårer	7	1	☎
F 97380	Militära skolor	37	1	☎



② POSTENS ADRESSREGISTER
Box 1, 101 20 STOCKHOLM

Datalistan

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                                                                                  S   1

Adress m m                   Datormärken och branscher       Befattningshavare

AB J P Brandt                IBM System 32,34,35,38          Datachef:        Datachef Lars Holmberg
Box 49023
                             Grossister
100 28  STOCKHOLM            Handelsföretag
                             Urgrossister grossförbund
Alströmergatan 39 A
  08-131799
Antal anställda: 20 - 49
                             . . . . . . . . . . . . . . . .

Länsförsäkringsbolagens AB   Honeywell Bull.övrig            Datachef:        Datachef Gunnar Svedbergh
Box 26057                    IBM System 308X                 Datasystemchef:Systemchef Peter Blixt
                             IBM System 43X                                  Systemchef Anders Lundström
100 41  STOCKHOLM                                            Datadriftschef:Driftsch Roland Hellberg
                             Försäkringsbolagens MK
Regeringsgatan 56            Försäkringsbolag
  08-7626000
Antal anställda:200 - 499
                             . . . . . . . . . . . . . . . .

AB Vin- & Spritcentralen     Digital Equipment PDP 11/XX     Datachef:        Datachef Mats Nilsson
Box 43005                    IBM PC                          Datasystemchef:Systemchef Alf Söderholm
                             IBM System 43X                  Datadriftschef:Driftschef Håkan Gustafsson
100 72  STOCKHOLM            Datorinnehav ospec              Infocenterchef:Göran Francke

Förmansvägen 19              Spritdrycksindustri
  08-7447000                 Vinindustri
Antal anställda:500 -
                             . . . . . . . . . . . . . . . .

AB Tipstjänst                IBM Serie 1                     Datachef:        Datachef Lars Hedberg
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2. . . . that contains such things as company names, addresses, telephone numbers, number of employees, computer brands used, as well as the names of their top computer experts, systems chiefs, and head of operations.

Defense Staff Spokesman Comments

Stockholm DAGENS NYHETER in Swedish 22 Jan 86 p 5

[Article by Olof Bergman]

[Text] "We have an open society here in Sweden and democratic values are built into the system itself," public relations chief Hans Dahlberg of the Defense Staff said.

"In the name of democracy, such registers as PAR are made available to anyone who wants them."

Developments in this area are incredibly fast and it is impossible to nip something in the bud, so to speak, after the fact, Dahlberg continued. This is a decision that every democracy must make.

The Defense Staff has seen that the postal register is often used for sending out direct advertising--the purpose for which it is actually intended. It is extremely difficult, however, to stop or regulate the use of such a register without special legislation.

As an example, he mentioned that a data register was recently found from which information could be readily obtained on all bridges in Sweden.

Certain categories of military personnel are not printed in the telephone directory and some do not wear uniforms. These are precautions that are taken to protect the personnel.

Submarine Violations Also Concern

Stockholm DAGENS NYHETER in Swedish 24 Jan 86 p 6

[Article by Anders Ohman]

[Text] "I believe it is mostly the extremes that have been heard."

That was stated by Bror Stefenson, vice admiral and chief of the Defense Staff, in his comments on the recent security policy debate concerning the threat to Sweden in the form of submarine intrusions and sabotage units.

According to the chief of the Defense Staff, the "extreme" opinions are held by those who question the fact that submarine intrusions have occurred at all and others who want Sweden to change its traditional policy of neutrality.

DAGENS NYHETER asked Bror Stefenson what the true picture was.

"It is what the commander in chief has reported. I have attempted to explain it in depth myself."

Sweden should show restraint in describing the threat, he said.

"The superpowers like to dramatize the threat in their spoken and written words. Sweden cannot participate in this. Our description of the threat must be presented only from a Swedish perspective. It must be based on precise and truthful studies," Bror Stefenson said.

He is an expert member of the present Defense Committee. He believes that the publication of a security policy section in last year's report sent a message to the Swedish people that was "right on target." Despite political disagreements, the committee was unanimous.

Bror Stefenson sees Commander Hans von Hofsten's articles in DAGENS NYHETER on the threat to Sweden as both "positive and well thought-out." He complained that the author placed too much emphasis on historical military developments, however.

Should the military not learn from its own history?

"Yes it should, but it must be careful. It must deal with the threat that actually exists today. It is difficult to weigh all the technical and political factors and obtain a clear picture."

Some cynics have said that "the military does not plan for the future, but for its most recent war," he said.

Newly Awakened

In general, the Defense Staff chief believes that the Swedish people have only recently awakened when it comes to the foreign policy situation. This interest is newly awakened and, for this reason, people are calling for measures. Issues suddenly appear that have been there all along, undiscovered.

"When it comes to the submarine violations, I believe that more long-range, patient nagging and pointing out what is happening is better than dramatic warnings and exaggerations. The latter could damage our credibility."

He pointed out that he has lived for 4 years with this bickering about the submarine intrusions, which are continuing.

Commander Goran Frisk, one of the leaders in the navy's antisubmarine effort, recently expressed doubt that the discovery of seabed tracks from submarines involved in the Harsfjarden incident of 1982 should have been made public in connection with the defense policy debate. He said that this had put the navy in a less favorable tactical situation in its continuing hunt for submarines.

"I do not share his opinion. The Submarine Commission was under strong pressure to come up with evidence," Bror Stefenson said.

He said that the seabed tracks should have been reported even if there had been no parliamentary commission.

9336
CSO: 3650/123

MAYSTADT ON PURCHASING POWER, ENTERPRISES, ENERGY

Brussels LE SOIR in French 15 Jan 86 p 2

[Interview with Philippe Maystadt, minister of the budget, by Guy Duplat and M. Vandendriessche: "Minister Maystadt Outlines the Social Paths to a New Austerity Which He Wants to Be More Selective"; date and place not specified]

[Text] Here are Mr Maystadt's statements, presented as three movements:

1. Sentimental Reasons

[Question] The policy of budget austerity promises to be drastic. The budget cuts to be made in 1986 and 1987 will hurt, a lot. The citizen, the consumer will have to tighten their belts a few more notches. Is it possible to impose further restrictions on the domestic market?

Purchasing Power

[Answer] This is indeed a problem. The finance minister, Mr Eyskens, just pointed out that, in 1985, our gross national product will achieve a growth of only 1 percent, compared with 2.3 percent on the average for the European community. And he himself ascribed this poor score to the relative weakness of the domestic market, i.e. consumer demand. To some extent, this is the result of our policy of restriction of the purchasing power. The increase of the present budget deficit can also be ascribed in part to the same phenomenon, as revenues from taxation are getting inadequate.

[Question] Do you regret the policy followed?

[Answer] No, not at all! We should not overlook the positive results of our policy: enterprises are competitive; the balance of payments has been restored. But I am saying that, today, we cannot go any further than the next index jump on the road to purchasing power restrictions. I am saying it for economic reasons: we must not penalize the domestic market and maintain tax revenues at their present level. I am saying it also for social reasons. The policy we have followed has placed a heavy burden on many families.

[Question] And what if the competitiveness of enterprises becomes a problem?

[Answer] It is a fact that the relative wage cost has markedly increased in the past few months. But if competitiveness became a problem, we could influence the gross wage cost without affecting net wages.

[Question] No matter what you say, however, the purchasing power will be further reduced by the budget reorganization, maybe even by the higher cost of public services?

[Answer] No budget cut is painless, but the number of people affected may vary. We must choose cuts that will do the least harm to the purchasing power of the categories concerned.

Prices

[Question] The price policy is in midstream. The CSC wants to increase controls; your predecessor wanted more freedom?

[Answer] The best way to curb inflation is competition. But it must actually exist. I shall submit Mr Eyskens's bill before the end of the month, but with an amendment. It will be possible to lift price controls sector by sector. This will enable us to fine-tune our action and grant freedom only to those sectors where true competition exists, with no cartels. And, of course, lifting price controls implies new means to fight abuses and combines. The administration, the minister and the courts must be in a position to check the mechanisms that would hinder true competition.

[Question] Your opinion on the controversy about clearance sales?

[Answer] This is covered by the bill on trade practices which is about to be discussed in the Senate.

[Question] But what about clearance sales?

[Answer] We must maintain a set period for clearance sales to protect serious merchants against others who would set up shop only for a time and would undercut prices through permanent discounts. I would be in favor of earlier clearance sales, taking place right at the start of the year so parents could still take advantage of them during the school holidays. This is not possible now, with clearance sales beginning on 15 January!

Burdened With Loans

[Question] We shall come back on the energy policy, but in the context of consumer protection, there is the problem of cutting off gas and electricity?

[Answer] That is true. In my social-committee room, I see many people who must face problems of this type. Often, they find themselves in impossible situations through their own fault. We shall have to head toward guidance in household management and toward a revision of credit rules. Many people get into debt without thinking and when the wind turns they find themselves caught up in a fatal system. Consumers must be protected against excessive indebtedness.

[Question] How?

[Answer] I shall make proposals in this respect. The administration is working on them. Next month, the texts will be ready; I shall test them with consumer associations, credit organizations and all the parties concerned.

2. 'Walloon' Is Still the First Name, But 'National' Is My Name...

[Question] You insisted on giving a joint interview to two newspapers from different regions? Do you want to be national more than Walloon?

[Answer] Yesterday already, I was asked if a "carolo" minister could be concerned about enterprises from Liege. I have shown that it was possible. I shall show that today at national level. I intend to treat all regions with the same determination to be equitable and to abide by the law. On the other hand, I make no mystery of the fact that I remain very eager to protect the interests of my region.

[Question] In Flanders, some accused you of favoring Wallonia?

[Answer] I cannot stand double standards. I challenged the monopoly of certain companies on public contracts. I reacted. But, as minister of scientific policy, this did not prevent me, for instance, from fighting tooth and nail for the interests of Bell Telephone in European programs.

[Question] Some Flemish newspapers are calling you Mr ACEC?

[Answer] I am not their travelling salesman. This will be seen in the next few weeks. As far as the RTT contract is concerned, I have been saying the same thing for months. We must buy the best equipment, obtain interesting economic spinoffs and distribute them equitably among the regions. While consolidating what it has already achieved in this field, Wallonia must take advantage of it to acquire a technological surplus.

[Question] But the contract is bogged. Can we wait for ever?

[Answer] That would be a serious mistake, for we would end up talking only about regional sharing, and we would no longer have the time to talk about industrial policy and to develop a strategy for the future of our telecommunications.

[Question] Do you like the Bell/Societe Generale proposal?

[Answer] It is an interesting contribution to the debate, but we shall need two telephone exchange suppliers and a price comparison.

The 5 Sectors

[Question] The five national sectors are the trap par excellence. Mr Eyskens is probably delighted to give up the bomb that Limbourg represents?

[Answer] The restructuring plan must be applied to it and the law of March 1984 on their financing must be complied with.

[Question] That means using the inheritance tax to pay for it. It will not be enough. Shall we have to borrow?

[Answer] It is not the best solution, but it is probably unavoidable.

[Question] Is there no way, then, to get round this law through a new Flemish-Walloon barter; for instance the Limbourg mines against Tubemeuse and Cockerill-Sambre?

[Answer] Belgium has many resources for compromise. I do not rule out that, one day, all together, we shall arrive at something like that. But even if that should be the case, it would be only marginal. We must not entertain illusions and believe that it will be possible to increase budget allocations.

[Question] The needs, however, remain huge?

[Answer] Yes, if nothing is done at the Limbourg mines. If the present number of shafts remains unchanged, if the production level remains the same, then of course if will be impossible to solve the problem. We must therefore act without losing time. The Genk complex, merging the Waterschei and Winterslag mining centers is thus scheduled for the end of January.

The Flemish ministerial committee on national sectors will have to face major choices. To gain two years for the Limbourg mines, shall we have to allocate to them all the money from the inheritance tax? Or will it not be better to save some in order to prepare the future of the Limbourg province and all its young people whom I met when I toured that province?

[Question] If the coal mines need money, so does Cockerill-Sambre. Will there be adequate financing for the Gandois plan?

[Answer] I am not the manager of that enterprise. The State has made huge efforts. Now it is the turn of the enterprise to make a number of changes.

3. Mr Calorie's Receipts

[Question] At least, Tubemeuse will require money, but the Walloon inheritance tax is already fully eaten up by Cockerill-Sambre?

[Answer] The Walloon ministerial committee will have to study the question. There are still a few remaining financing possibilities. Otherwise, you know that it is posible to find money by cutting certain public-work projects in Wallonia. Choices will have to be made. And I hope that we shall choose the future rather than preservation of the past. If the ministerial committee should find--but I have no reason to think that this will be the case--that there is no future left for Tubemeuse, we should have no reason to invest large amounts in it. But, as I already said, certain European synergisms are possible for Tubemeuse. We are working on it.

[Question] Together with Mr Aerts, you are now in charge of energy. Electricity producers are asking you for an early decision on the equipment plan and, therefore, on a new nuclear power plant?

[Answer] The government will have to consider this question at the earliest possible date. Three points will have to be decided simultaneously: construction of a new nuclear power plant; construction of one or several coal power plants, probably fluidized-bed plants; and promotion of the combined electricity and heat production of enterprises.

[Question] Is the latter point aimed at electricity producers whose tariff policy discourages this mode of production?

[Answer] We must review these conditions (trade-in tariffs, back-up electricity, etc.) so that enterprises will become interested in combined production.

[Question] We are talking about coal power plants. Where do you plan to locate them? In Limbourg or in Wallonia?

[Answer] Why not in both, if we are building two. We cannot get rid of Bressoux, which is an experimental center.

[Question] There has been much talk about overpricing: electricity producers and consumers are said to be charged nearly 1 billion francs in excess for the purchase of Campinois coal. Mr Knoops was vigorously opposed to this method of aiding mines with public funds?

[Answer] This overpricing ended on 1 January. But let us not oversimplify. The subject will probably come up again, and we should take into account the advantages of Campinois coal, its calorific power, the reduction in storage and shipping costs that it makes possible and the reliability of supplies that it affords compared, for instance, with South African coal, the use of which can pose political and moral problems. These factors certainly warrant some "overpricing" compared with imported coal.

[Question] Mr Aerts will submit to the government a memorandum requesting that negotiations to reopen the Eurochemic nuclear-fuel reprocessing plant continue?

[Answer] I have reservations, as electricity producers themselves explain that they are not interested. Therefore, must we ask the collectivity to pay for an activity whose consequences are not insignificant since we are talking about plutonium separation?

[Question] What about the price of energy? Is the price right?

[Answer] Several enterprises are complaining about the high price of electricity compared with the prices paid in other countries. The chief executive officer of Cockerill-Sambre explained that he could save 1 billion if he bought his electricity at the French price. I do know that EDF is showing a deficit, but is there no way of reducing that price in Belgium? As far as small or medium-size firms are concerned, I am shocked by the size of the security deposits demanded by electricity producers. Finally, as far as individuals are concerned, I have a feeling that the problem of gas and electricity being cut off has not been fully resolved. We should reexamine this matter, take stock of the situation and go one step further.

9294
CSO:3619/20

INSTITUTE DIRECTOR PREDICTS 1 MILLION NEW JOBS BY YEAR 2000

Duesseldorf HANDELSBLATT in German 9 Dec 85 p 3

[Article by Rainer Nahrendorf: "Fels Sees Chance of Reducing Number of Unemployed by One Million by 1990"]

[Text] Cologne, 7-8 Dec, HANDELSBLATT--The director of the German Economic Institute (IW), Prcf Dr Gerhard Fels, sees good chances for a steady rate of economic growth on the order of three to three and a half percent and for the creation of a million additional jobs by the end of this century. However, this is based on the assumption that the present political course on wages will be maintained and that a new jump in prices will be avoided.

In a discussion of the labor market, Fels said that he is indeed afraid that in the next round of talks on wages, there could be a great temptation to abandon the hitherto cautious policy on wages. The policy of resistance by the federal government could possibly be abandoned during the round of talks on civil service wages due to electoral as well fiscal considerations.

Even the minister for labor and social affairs may be interested in filling up the social welfare coffers. A high wage agreement in the civil service could provide an important signal.

For the immediate future, Fels is counting on an acceleration of the upswing rather than on a new recession. According to the IW prognosis, the employment figure will rise by 330,000 next year. In this sense, the institute has a somewhat more positive assessment of developments in employment than does the council of experts in its latest report. The council of experts has predicted a rise in employment next year of 300,000.

The IW assumes that approximately every other newly created position could be occupied by an unemployed worker. The council of experts, on the other hand, assumes that only every fourth position can be occupied by an unemployed worker. This discrepancy reflects the a difference in the assessment of the "encouragement effect," which the improved economic situation is bringing to bear on the "quiet reserves."

According to Fels, with an average rate of growth of three to three and a half percent, there is clearly a chance to noticeably reduce unemployment. At three percent growth, the medium-range possibility exists that the employment figure can be raised by 300,000 to 350,000 annually, provided that a new jump in prices is averted, he said.

Fels pointed out that the "employment miracle" in the United States took place with a average yearly rate of economic growth of 2.6 percent. Fels explained the moderate growth in productivity in the United States with a low rate of substitution between labor and capital. Greater progress in productivity in the FRG can perhaps also be attributed to a "productivity illusion," he said. According to a study by the EEC Commission, approximately one-third of German progress in productivity is based on processes of dwindling, for instance on the departure of less productive companies from the market. Fels also refered to older studies, according to which the restoration of full employment would be possible at a wage level reduced by 15 percent. The corresponding magnitude in the FRG today could be under 10 percent.

The German Economic Institute wants to make the problems of the labor market, employment and qualifications into a main emphasis of labor. In so doing, it wants to work on an economic theory of law and of institutions, with the goal of investigating the stimulating effects on employment of a loosening up of entrenched labor and social law. A first step has been taken with the Employment Stimulation Act.

According to Professor Fels, unemployment in the FRG can be attributed in part to a hardening of institutions. In this respect, the causes of unemployment are also to be found in the structure of our society, he said, where if the majority of 90 percent has jobs, then they know quite well how to protect their rights in the face of the 10 percent minority who is unemployed.

Fels indicated his support for a loosening of these fronts and the creation of more flexible transitions between unemployment and employment. There is certainly a chance, he said, of moving from a temporary employee-employer relationship to an indefinite one, or to be moved up from the "sideline staff" to the "regular staff."

A second-rate employee-employer relationship is better than none at all, he said. The IW's labor market expert, Bernd Hof, indicated his support for giving a more up-to-date form to the very useful statistics of employed workers subject to compulsory social insurance. The problems of exactness should not be overestimated, he said. At present, employee statistics are only available after a 7 month delay, even though there are reliable projections by labor authorities after only 3 months. In Hof's opinion, labor market statistics should be changed such that movement trends and problem groups structures become clearer.

12271
CSO: 3620/180

OIL PRICE DROP TO COMPLICATE TRADE WITH USSR

Foreign Trade Minister Comments

Helsinki HELSINGIN SANOMAT in Finnish 14 Jan 86 p 22

[Article by Kalle Heiskanen: "Minister Jermu Laine Astonished at Criticism Directed Against Himself: 'What Else Should I Have Done?'"]

[Text] The leadership of the Finnish-Soviet Economic Commission is travelling around Finland this week. The discussions deal with compensations, the Kola Peninsula, and productive cooperation.

One of the vice-chairman of the Finnish side is Foreign Minister Jermu Laine. One would think that he would feel more free than ever before. Last week President Mauno Koivisto declared his support. Yesterday on Monday Deputy Prime Minister Ivan Arkhipov made the assurance that the Soviet Union is not dissatisfied with the development of trade between the two countries.

Laine is astonished at the criticism directed against himself. Trade with the East has remained at a high level even though oil prices and the value of the dollar have declined. "What else should I have done," he asks.

Last Friday Laine was in Turku to announce plans for the establishment of a research center for trade with the East. President Mauno Koivisto had raised his hand in support of Laine, and the minister could already freely work his way though the labyrinth of trade with the East. However, at least one issue clearly annoyed Laine.

"There is no basis to it at all," he denied when I demanded an answer as to whether Finland was, after all, too hesitant in including itself in the large ventures on the Kola Peninsula. This was one of the individual accusations which the Taistoites [Stalinists] fired at Laine by arguing that he had neglected Eastern trade to the benefit of the West.

"As far as the Kola Peninsula is concerned, everything has been done that could be done on the part of Finland. We are prepared to initiate negotiations as soon as the Soviet Union has itself decided when and to what extent it intends to move," stated Laine.

The commodity exchange schedule for the current year was signed in Moscow in December. During this same visit to Moscow Laine attempted to clarify what Gosplan intends to propose. "No answer was given," stated Laine.

It is only known that Gosplan, the USSR's influential planning organ, will make a proposal in March. After that, the government must decide on the matter. "But no one can say whether and what the government will decide," stated Laine in throwing cold water on any excessive enthusiasm. Laine sees in this situation the same kind of eagerness as a decade ago before the decision was made on the Kostamus project. There were delegations, the pressure was intense. "One had the feeling that one was being accused. That one must at least do something now."

A work group, which is being directed by Outokumpu's Managing Director Pertti Voutilainen, is making preparations in Finland for the exploitation of minerals on the Kola Peninsula. The group has visited the Kola Peninsula. The next phase according to Laine is for the Finnish group to study the project together with the Soviets.

"A weapon cannot be made of this no matter how hard one tries," says Laine in amazement. But then he admitted that if the Communists accepted this joint knowledge of both countries as a fact, then they would lose a wonderful political weapon.

Unreasonable and Unfounded

From the individual to the general. As far as all of Soviet trade is concerned, Laine considers the allegations of passiveness to be unreasonable and unfounded. "This activism is a matter of the whole commission, why must I bear full responsibility as a minister? It would be nice to know from where this information that we have not been active has come," he asked.

Since they did not dare to criticize the president or the prime minister, who is acting as chairman of the commission, they attacked you instead, I asked.

"Yes," Laine thought for a second and continued that "such a Western trend not even one minister could change even if he wanted to. And no one has wanted to do this. It is in itself laughable. Changes in emphasis are affected by policy lines drawn by the government."

The foreign trade minister does not consider it good that the only issue that is of interest to the press and the people is 'what will then happen when the price of oil decreases'. "I do not have an automatic answer that I could prevent the decline in the price of oil or influence the rate or amount of its decline.

"In spite of the fact that the value of dollar has declined and in spite of the fact that the price of oil has fallen, the level of trade this year is higher than ever before. Indeed, this is something."

Nevertheless, later I asked again what will happen to Finland's trade with the East if the value of the dollar falls to less than 5 markkaa and the price of oil drops to 20 dollars a barrel?

Laine answered that "in my opinion it is not justified to deliberate what should be done in this or that alternative on the basis of this speculation. With just as great a probability it will remain nearly at the same level."

According to him, in December the Soviet side was also of the opinion that we are now operating on the basis of current information. It was agreed in Moscow that if a new situation arises, then an evaluation will be made together.

Active Everywhere

Laine does not consent to agreeing that there is any quarter which has been passive in trade with the East. First he brought up oil imports. "Ten years ago, when I was also the foreign trade minister, oil imports were around 7 million tons. Now the quota for mere crude oil is 8.5--9 million tons."

He referred to a reduction in consumption. "But since we can promote trade with the East in this manner, oil imports have been kept as high as possible. Or natural gas. Apparently, everyone did not like the fact that I prodded the City of Tampere."

New imports have been sought with "great effort and interest" according to Laine. For example, machinery and equipment imports will increase to nearly 1.5 billion markkaa this year or will be almost double last year's level.

In Laine's opinion Finnish firms have been "very enthusiastic" in the development of new imports. Laine describes the role of the foreign trade minister as having changed. "The case is not such that one needs to prod Finnish firms and the Finnish people to take of care of trade with the East. It is naturally clear to everyone."

Now Laine is demanding a higher level of thinking. We must determine what is that mode of cooperation which will maintain a high level of trade in changing situations also. "What is that new thinking, the new dynamics. The increase in the price of oil brought an easy dynamics, but what is the next stage. This is the fundamental question?" asked Laine.

The New Clothing of Dynamics

Thus I presented that basic question. Laine gave a basic answer: "Productive cooperation is beginning to move. There are 40 people working on it. Approximately 50 subjects are being considered."

Productive cooperation means, among other things, the fact that Wartsila builds nuclear icebreakers, for which the Soviet Union will supply the engines. Or a special railroad car plant, which builds specialized railroad cars for the Soviet railroads, is being dedicated today in Otanmaki.

Compensation transactions represent another new project. When a certain plant is sold to the Soviet Union, the Finns are then obligated to purchase the plant's products. The furthest along in this kind of a venture is the planning for the construction of a laminated veneer plant, from which plywood produced by the plant would be returned to Finland. Schauman and Raute are involved in this venture. However, not one agreement has yet been concluded.

The greatest difficulties lie with the funding of the projects. The construction of the plant could take 4--5 years. "The Soviet Union has proposed that it be funded by credits. We have said that that this idea cannot be excluded," stated Laine.

For the time being, the attitude of the Finns toward state support, for example, in compensation projects has been quite cautious. In spite of the fact that other Western countries which are rushing into Soviet markets are freely subsidizing the projects of their enterprises. The Finns are striving for more diversified arrangements.

"Even though there is the credit element, for example, in the Outukumpu project for the construction of a scrap metal yard, a part of it could come as corresponding products from elsewhere during the construction period already. Thus the funding portion, which will perhaps even require international capital, would be reduced and alleviated," stated Laine in describing one of the projects being promoted in the Finnish-Soviet work group.

According to the minister, the ideas have gone so far that unless there are some unexpected difficulties a decision should be reached in the spring. Technically, two or three projects are already ready. Only the arrangement of funding is lacking.

"If there is a real desire to find a solution, the elements are there," assures Laine.

A year ago leaders of the commission along with commission members travelled around Finland. This time the whole group can be accommodated in a couple of small cars. I asked Laine whether there was no longer enough work for the whole commission?

"The only thing that can be said in reference to this is that the Soviet side considered that a discussion among the chairmanship is sufficient at this time. We will find out what is happening and we can accelerate the work taking place in the work groups," answered Laine.

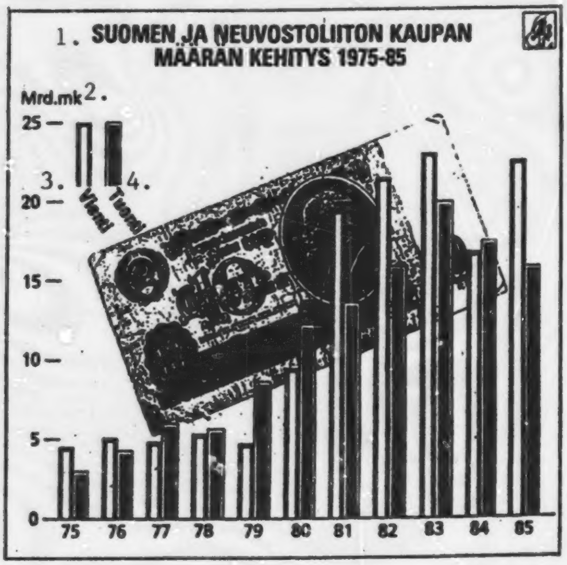
According to sources, the Soviet Union wanted a smaller composition since that country's own economic plans are still under consideration. The priority of various projects will be decided at the party congress to be held next month. After this, the scheduling of many proposed Finnish projects will become known.

Dollar's Strength Also Factor

Helsinki HELSINGIN SANOMAT in Finnish 14 Jan 86 p 22

[Commentary by Kustaa Hulkko]

[Text] Finland's Exports to USSR Doubled in Five Years



The amount of trade has been calculated from customs statistics by using a volume index for total Eastern trade (1980 = 100). The columns provide only an approximate picture of the amount of Soviet trade since the volume index includes the other socialist countries in addition to the USSR. The picture given of exports is almost correct.

Key:

1. Development of Finnish and Soviet Trade, 1975-85
2. Billions of markkaa
3. Exports
4. Imports

Foreign Trade Minister Jermu Laine says that this year Finnish and Soviet trade may reach unprecedented levels.

It appears that Minister Laine is making his prediction on the basis of strong historical material.

A rather even growth trend has prevailed in Finland's exports to the Soviet Union throughout all of the 1980s. The only exception was 1984 when foreign trade was readjusted after the large gain in exports in 1982--83. 1980 and 1984 are the only years in the current decade when the amount of imports was greater than exports.

The proportion of metal in Finland's exports has remained around 50 percent since the middle of the 1970s. The position of chemical products and consumer goods has become stronger in recent years.

The impressive sum brought about by exports in 1982 was followed by a balance-of-trade problem. This was during the initial period of the Soviet Union's five-year plan and the general trade agreement, for which large export transactions were normally scheduled. For example, several ships were sold to the Soviet Union.

The logic in the Soviet Union is such that an accumulation of export income in the beginning of an agreement period will eat up later export opportunities at least in the event that imports cannot be increased.

The primary principle in trade between the countries is that imports and exports are of equal amounts and that both sides will pay for imports with exports.

The Soviet Union is reluctant to become indebted to Finland. If the credit limit is exceeded, the amount of exports is reduced.

Crude Oil Became More Expensive in 1979--80

Crude oil increased in price in two successive years at the end of the last decade. The proportion of oil in Soviet imports began to increase at this same time and became stabilized at the current figures. The relative share of energy in imports was more than 85 percent in 1981--1984.

In 1980 the value of exports was 9.3 billion markkaa. The corresponding figure in January--November 1985 was already 16.6 billion even though one month was still lacking from the year. Figures for the whole year are still not available.

It appears that the value of exports in 1985 will not reach the level achieved in 1983 when more than 18 billion Finnish markkaa were accumulated. But it is only a question of the value of exports, the nominal amount of export income.

On the other hand, the flow of goods sold to the Soviet Union apparently increased to unprecedented amounts. If the price level becomes fixed or if the effect of changes in the value of money is eliminated from the figures, the volume or amount of trade can be determined. Exports for January-November 1985 amounted to a full 22.6 billion markkaa in 1980 prices.

The export volume for all of 1983 was a rather even 23 billion markkaa. December 1985 could very well have made up for the 0.4-billion markka difference and raise export volume to an unprecedented level.

The columns in the above graph thus attempt to depict the development of the actual amount of trade. Inflation has not pumped them up with air.

Finnish products sold to the Soviet Union in the 1980s quantitatively exceed the 100-billion markka limit if volume is measured in 1980 money. The volume of imports remained at approximately 90 billion during the same period.

During this same period the value of imports was slightly greater than exports: both exceeded 90 billion markkaa.

How is the development of volume possible if imports and exports must be kept in balance? The path to the increase in the flow of exports has been levelled out by the fact that trade is balanced in rubles. Even though fluctuations in the amounts of exports and imports have in recent years amounted to billions calculated in markkaa, the ruble amount tied to the trade has, on the other hand, been rather stable over the years, approximately 2.5 billion rubles for each side. The exchange rate of the ruble follows the dollar little by little.

This Year's Export Mystery

Trade between Finland and the Soviet Union is regulated by government agreements. There is a constant flow of paperwork. Commodity exchange schedules are compiled annually. A general agreement is concluded for a five-year period. There is even a 15-year program.

In spite of all this planning and programming, no one knows how much Finland will export to the Soviet Union this year.

There are not very many unknown factors or changing elements in Finnish and Soviet trade. But two are sufficient. They are the price of oil and the exchange rate of the dollar.

The majority of Finland's imports from the USSR is comprised of energy. The proportion of oil products exceeded 85 percent in 1981--1985.

The price of oil changes easily. Oil is priced in dollars. Even the price of the dollar changes quickly.

If the exchange rate of the dollar declines a percentage point, roughly speaking, Finland's imports from the Soviet Union falls off by a percentage point.

If the price of oil drops off by one-fifth, the value of oil imports is reduced by the same amount.

Billion Markka Trade Imbalance

Helsinki HELSINGIN SANOMAT in Finnish 20 Jan 86 p 2

[Op Ed Article by Raija Volk]

[Text] The writer has a licentiate in political science. She works as a special researcher in the Pellervo Economic Research Institute.

The concept that a reduction in the price of oil means a deceleration of economic growth seems to have acquired a permanent foothold in Finland. Several Western countries, on the other hand, welcome predictions of a reduction in the price of oil with satisfaction and anticipate a new impetus to economic growth by means of savings in expenditures.

For example, in the United States it is estimated that the growth of the gross national product will accelerate by even a whole percentage point in 1986 if the barrel price of crude oil drops from the present 26 dollars to 20 dollars.

No Overpricing

In Finland the situation is slightly different: the majority of oil is imported from the USSR, with which trade is conducted on a bilateral basis. A reduction in the value of imports will for this reason cause pressures to balance trade by means of reducing exports.

The reduction of bilateral exports is, however, only one, although significant aspect of the issue. The savings in expenditures brought about by cheaper crude oil and the increased income received as a result as well as an increase in export demand on the Western markets make up another, positive point of view.

How much these positive factors will weigh in the balance in the final count will depend on the conduct of enterprises. A reduction in expenditures caused by a reduction in the price of oil will be worldwide, and market directors will take advantage of it in their pricing also.

Finnish firms should not be tempted to overprice even on a short term basis in order to compensate for a reduction of sales that will possibly be caused by bilateral trade. Decreasing import prices should be reflected in the pricing of Finnish products if there is a desire to maintain market shares in the domestic as well as export markets.

The premise adopted in economic policy should be that positive influences caused by a reduction in costs will gradually even out losses in bilateral trade. A reduction in bilateral trade should be distributed over as long a period of time as possible.

An Hole in Eastern Trade

What will a reduction in the price of oil mean in actual numbers? Approximately 10 million tons of crude oil, of which 80 percent comes from the Soviet Union, is imported to Finland annually. The value of imported oil and various fuels was around 19 billion markkaa in 1985. Because of the lower exchange rate of the dollar and along with it the ruble, our oil bill remained at the previous year's level.

If currency exchange rates remain the same, a 10-percent reduction in the average import price of oil and fuels would reduce Finland's imported energy bill by approximately 2 billion markkaa. At the same time, however it would mean a nearly 1.5-billion markka hole in our trade with the Soviet Union.

A reduction in the barrel price of oil to 20 dollars would mean a drop of more than 10 percent. It would, on the other hand, reduce the value of imports from the Soviet Union by 3 billion markkaa if we assume that the prices of all oil products and fuels will follow the price of crude oil.

It would be difficult to make up for such a large difference between imports and exports without reducing exports. Trade cannot be balanced by increasing the prices of export products since world market prices are stable. Moreover. the prices of raw materials may possibly even decrease along with the price of oil, and this would bring pressures to reduce even export prices next year.

A Threatening Factor

A reduction of exports to the Soviet Union by 1--3 billion markkaa from the current 19-billion markka level will mean a 5--15 percent drop relatively speaking. Eastern trade makes up a full one-fifth of Finland's exports. Thus a reduction in Eastern trade by 5--15 percent would mean a reduction of total exports by 1--3 percent.

Exports of goods, for its part, makes up in its entirety a full one-fourth of total demand in the national economy. Thus overall demand would decrease 0.3--0.8 percentage points. In 1 year's time this would represent a serious threat to economic development since it is predicted that growth will remain slow or at the present level of Eastern trade in 1986--1987. The forecasts of economic research institutes predict that the gross national products will increase 2--2.5 percent next year. Growth in 1987 will be even slower.

Advantages and Disadvantages

The positive effects of cheaper oil will come from two directions: export demand in Western markets will increase and industrial expenditures will decrease. The effects of cheaper oil on world trade are difficult to predict.

Finland's most important export countries are net importers of energy except for the Soviet Union and Great Britain. For these countries a reduction in the price of oil could be compared to a tax reduction, which increases income available for consumption and investments, among other things. However, increased demand by the market economy countries is still not sufficient to cover losses in the Eastern markets.

In spite of the reduction in costs, international competitiveness will not improve since other net importers of oil will have the same advantage. On the other hand, a reduction in costs especially in energy-intensive areas will provide firms with more funds than before for investments, for example.

The areas of operation in Eastern trade are, on the average, less energy-intensive. Apparently, the advantages of a cost reduction and the disadvantages of a possible reduction in Soviet trade would not be directed at the same areas. A reduction in Eastern trade would have the most serious effects on products requiring short order and delivery times. In general, the production of such products is also labor-intensive.

Growth Will Accelerate

The benefit from a reduction in costs would over the medium term be accrued to the whole national economy through income accumulated from enterprises. It is in the final count a question of whether the loss of income caused by a reduction in exports is greater than the positive effect of the increase in purchasing power caused by the decrease in oil prices? It is a question of the same course of events that took place in the beginning of the 1980s when the price of oil increased, but in a reverse direction.

In separate overall examinations of the national economy it has been estimated that our bilateral trade with the Soviet Union has compensated for the deceleration of economic growth resulting from increased oil prices by approximately two-thirds. In other words, increased costs and lower incomes resulting from increased oil prices have slowed down the growth of overall production at a rate somewhat greater than what exports to the East have accelerated it.

A reduction in the price of oil will have an opposite effect, but it will not necessarily be completely symmetrical. However, the the effect of accelerating economic growth as the result of increasing purchasing power over the long term would apparently be greater than the decreasing demand coming from a reduction in exports to the East. Thus the growth of the gross national product would accelerate a little in comparison with growth at current oil prices.

Oil Bill Reduced

Helsinki HELSINGIN SANOMAT in Finnish 28 Jan 86 p 24

[Article: "Price Drop Causes Brokers To Hustle"]

[Text] Porvoo--Slipping crude oil prices have meant a considerable burst of anxious activity for those who make their living from oil trading or freighting and the commission business. The pricing coil has become looser and the telexes are working overtime.

A daring and ambitious oil broker can wrap up a deal with even a better outcome than a week ago. However, transactions can just as well result in clearcut losses and there is also a taste of disappointment in such deals.

"The trading business is flourishing," says Eija Malmivirta in characterizing the present situation. "When prices fluctuate, transactions become animated."

Business is conducted in oil trading according to the daily price level as in the previous manner. For example, North Sea oil is now being sold for delivery next month or in March. The current price level for deliveries in March is 18.50 dollars per barrel.

It is the nature of the trading business that the same load of cargo can be sold several times. When oil is imported from the Persian Gulf, for example, it can change owners dozens of times when the trading business is at its height. There can be losers as well as winners between the first and last buyer.

What is certain in the present situation is that the overall value of this trade will decrease. This will mean a definite downturn in sales turnover for Neste this year. Last year 13.1 billion markkaa came from oil refining, but nearly 17 billion markkaa was generated from export trading alone. The share of other operations was "only" 6 billion.

Price development in the freighting of oil has been even more unstable than in trading. Inquiries about freighting are coming in at a rate considerably greater than normal, but business is quieter than normal.

A mild winter in Western Europe has reduced freightage, and buyers are waiting for the price level to stabilize. Last week the previously rather uniform price curve oscillated considerably even though prices were not terribly stimulating even at their best.

It is expected that freight charges will stabilize next week already. Nevertheless, some buyers may wait until the price competition within OPEC settles down in the early part of spring.

The drop in the price of crude oil is also reflected in the marketing of finished petroleum products. Finnish Petrol and Teboil, which are also engaged in the importing of petroleum products, will suffer the heaviest warehouse losses among oil distributing companies. These two companies have already suffered bookkeeping losses in several tens of millions.

Last year Finnish Petrol imported oil products in excess of the original agreements. The trade agreement provided for the importing of 1.4 million tons of heavy fuel oil, but the amount actually imported was 250,000 more. The deficit remaining in the crude oil quota was covered by this additional amount. Also more than the 1.2 million tons of diesel oil stipulatet in the agreement was imported.

The international price level of diesel oil, which is determined by quotations in Rotterdam, has been approximately 180 dollars per ton in recent days while the price level last year was around 250 dollars per ton.

The price of heavy fuel oil has dropped to 91 dollars per ton from 150 dollars at the end of last year. The price per ton of heavy fuel oil in the import market is now 500 markkaa.

Price fluctuations are also felt in payment transactions between Teboil and Neste. The companies have reached an agreement on evening out the prices of heavy and light fuel oil.

When oil imports were separated from the compensations of the import trade fund, Neste was initially the paying party. However, last year Neste received 100 million markkaa from Teboil. The direction of this year's payment transactions will become clear within a few weeks.

10576
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LARGE CAPITAL FLIGHT SEEN BODING ILL FOR ECONOMY

Athens I KATHIMERINI in Greek 19-20 Jan 86 p 1

[Article by I KATHIMERINI correspondent in Paris, Rikhardos Someritis]

[Text] Paris--One billion, two hundred million dollars: This is the total amount of capital which "emigrated" abroad illegally from Greece in 1985, whereas the average yearly outflow of capital for the period 1979-1984 was "only" 300 million dollars. These numbers are based on calculations of international economic observers who carefully studied all the recent data and who thus explain the huge difference between the deficit we are seeing in relation to the deficit which should have been realized without the flight of capital.

This element, added to all the others, proves that in 1985 the Greek economy reached the utmost limit of endurance and the country is on the threshold of uncontrolled, Latin-American type developments. And it explains the reasons why international economic circles considered, on general lines, last fall's frugality measures to be correct, although dramatically overdue.

Correct--not, however, complete or entirely satisfactory: Many point out both the essential absence of accompanying economic measures and the stubborn refusal to make certain structural changes without which it would be difficult to achieve restoration of the Greek economy, its modernization and, finally, its recovery.

One, but not the only, example is the preferential, prejudiced policy applied in the sector of investments in agriculture: Concisely (and, of course, entirely schematically), while financing an agricultural investment carries an 11 to 12 percent interest rate, saving yields to farmers up to 20 percent....

Of course, the Greek "example" is not the only one in Europe and one can talk about a "front" of governments which for clearly vote-hunting reasons applies this or an entirely similar, anti-economic policy--at the expense of the non-farmers who cover the differences. And this prohibits a formal denunciation of the phenomenon by the appropriate international and European organizations.

Problematic Enterprises

A second (there are others) example is the "problematic enterprises": Every delay in this sector increases the huge national cost at the expense of the entire society but also of a future improvement of affairs. This is stressed by all the international organizations, which already brought up the Greek Government's related promises when recent loans were discussed.

According to the estimations of many observers, the prospects for improving the economic situation in Greece are long-term, not immediate. And it is not at all certain that a tangible recovery, clear for most people, will be able to be realized by the next elections--even if these elections occur on time.

Mass Exodus

The mass exodus of capital from Greece, which apparently has not been decreasing recently, comprises this significant restraining factor. It now concerns not only a small minority of "big sharks": The data, but also many signs, persuade that the flight of capital abroad is a contest to which scores, if not hundreds of thousands, of Greeks are devoting themselves. A simple visit to an international European casino and certain Swiss cities confirms these observations.

A problem of confidence? Of course. And although it has taken huge dimensions since 1981, it existed before that. The freezing of private investments and flight of capital have been endemic phenomena since 1973 and the effects of the first oil crisis. Just as a clearly anti-industrial and anti-productive spirit existed before that in Greece, cultivated mainly by those people who govern today and who had, however, weighted the scales in the psychological policy, undermining their own position.

It has been ascertained, in studies on the facts of the Greek economy, that the development of investments is essentially synonymous with the development of profits: From the theoretic "one hundred," both indexes are tending toward zero. If we also add the flight of capital, the negative picture is completed and the developmental prospects are reduced even further. Prospects which, without a climate of confidence and of correct informing of all the social factors and ample initiatives, are, it is believed, an unapproachable target, despite frugality.

9247
CSO: 3521/82

RISE NOTED IN 1985 GROSS NATIONAL PRODUCT

Athens I KATHIMERINI in Greek 21 Jan 86 p 7

[Text] The Ministry of National Economy calculates that the gross national product increased 1.8 percent in 1985, versus 2.8 percent in 1984. This slowdown--it maintains--is owing mainly to the near standstill of primary production, which had increased 6.4 percent in 1984. The ministry also estimates that private consumption, at constant prices, increased 1.2 percent, compared to 1.1 percent in 1984, while we had a slight drop in the average propensity to save, which allowed for consumption in 1985. This is because disposable private income increased 19.4 percent, while the index of non-inflation of private consumption rose 19 percent. Hence, increased consumption resulted from the money which would have been directed to deposits.

As concerns investments, gross investments of fixed capital in 1985 showed--the ministry maintains--a slight recovery (1.2 percent) from a drop of 4.7 percent in 1984 and 1.9 percent in 1983. Contributing to this development were investments by the public sector (5.3 percent increase) while private investments showed a 1.3 percent decrease at constant prices. This drop in private investments in 1985 was significantly smaller than that in previous years (12.1 percent decrease in 1984 and 7.5 percent in 1983).

By type of capital goods in 1985, we had a 2 percent increase in investments in buildings, while investments in equipment increased only 0.4 percent.

More specifically as concerns developments in production, the Ministry of National Economy maintains the following:

Manufacturing production showed negative rates of change in the first months of 1985 in comparison to the corresponding months in 1984 and this fact created strong doubts about whether--and how much--manufacturing production would continue the slight improvement it had noted in 1984. Based on recent data on the production index from the ESYE [National Statistical Service of Greece], the situation in this sector appears to be leveling off and, as a result, for all of 1985 manufacturing production remained stationary or improved to a limited extent in comparison with 1984.

In detail, development of production in the three primary sectors is as follows:

1. Primary production: Output in this sector will increase approximately 0.5 percent, versus a 6.4 percent increase in 1984 and a 6.7 percent decrease in 1983.

This development is owing to the low increase in agricultural production, which was mainly a result of unfavorable weather conditions, and to the slight decrease in livestock production (-1.2 percent). It should be pointed out that livestock production has shown a continual drop in recent years and this negatively influences the development of livestock product exports by foreigners.

We had a significant increase in the production of sugar beets, tobacco, olive oil, grapes and fresh fruits, while, conversely, we had a significant decrease in grain production.

2. Secondary production: The increase in the output in this sector is estimated at 1.2 percent in 1985, versus a corresponding increase of 1 percent in 1984. This development is a result of increased production in the branches of electricity-gas, 6.3 percent, and construction, 2 percent. Finally, the mines and manufacturing branches remained stationary.

The standstill of manufacturing production, despite the 1.8 percent increase in total local demand, in combination with the development in imports and exports of goods in 1985, leads us to the conclusion that the infiltration of imported foreign products in Greece has continued this year, resulting in unfavorable repercussions on the country's foreign exchange balance.

The increase in the construction output resulted from the public sector's intensive building activity, while private investments in housing showed a decrease, but to a smaller extent than in previous years. If it is taken into consideration that the Public Investments Program is not expected to be continued in 1986, the branch's level of activity in the coming year will be affected in a decisive way by the development of private investments in buildings.

3. Tertiary production: The growth here resulted mainly from the public sector's increased activity, while commercial and bank output showed a comparitively smaller increase.

Based on the data below, in 1985 the tertiary sector made up 56.3 percent of the gross national product, a greater percentage than that in previous years (1984, 56 percent; 1983, 55.9 percent).

Development of the Gross National Product
(at factor cost)
In billion drachmas - at 1970 constant prices

	1982	1983	1984	1985	% Change 83/82	 84/83	 85/84
1. Agriculture	60.9	56.8	60.5	60.7	-6.8	6.4	0.5
2. Industry	127.0	127.3	128.5	130.0	0.2	1.0	1.2
Manufacturing	84.4	83.3	84.9	84.9	-1.3	1.9	0.0
Mines	5.7	5.7	5.9	5.9	-1.1	4.3	0.0
Construction	22.3	23.1	21.6	22.1	3.8	-6.6	2.0
Electricity	14.6	15.2	16.1	17.1	3.8	6.3	6.3

	1982	1983	1984	1985	83/82	84/83	85/84
3. Services	228.2	233.5	240.2	246.1	2.3	2.9	2.5
a. Transportation-Communications	41.5	42.7	45.2	47.5	2.7	6.0	5.0
b. Commercial-Bank-Insurance	60.7	62.5	63.7	64.4	3.0	1.9	1.0
c. Housing	41.1	42.4	43.6	44.6	3.2	2.8	2.4
d. Public Administration-Insurance-Health-Education	57.4	58.8	60.2	61.9	2.4	2.4	2.7
e. Various Services	27.5	27.1	27.5	27.7	-1.7	1.5	1.1
Gross National Product	416.1	417.5	429.2	436.8	0.3	2.8	1.8

Source: YPETHO [Ministry of National Economy], National Accounts

9247
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INDICATIONS SEEN POINTING TO ECONOMIC DECLINE

Athens I KATHIMERINI in Greek 21 Jan 86 pp 1,3

[Article by Kostas Dedes]

[Text] Recent developments on the Greek economy's four big fronts--that is, inflation (it has gone over 25 percent), unemployment (it is surpassing 8 percent by far), the balance on current accounts (expected to exceed 3.1 billion dollars) and the public debt (estimated at more than 2.5 trillion drachmas)--justify the pessimistic forecast that our economy will be very slow in emerging from the impasse. On 20 January, the government publicized the quarterly bulletin concerning current economic developments, and the Bank of Greece issued the bulletin containing the course of our exchange balance in the eleven-month period. Both are disappointing.

According to the quarterly report, unemployment exceeds 8.1 percent of the active population (310,266 unemployed throughout Greece, according to the National Statistical Service). Calculations by reliable economists, however, lead to the estimation that in our country the unemployed number around 600,000 (!) individuals.

As concerns inflation, things are going from bad to worse since the worsening of production costs, which occurred mainly because of the 15-percent devaluation of the drachma, but also because of slipping, leads to the forecast that the price index will go pretty far over 25 percent. And, as events show and government actions reveal, inflation in 1986 will not differ appreciably from that in 1985, despite the proclaimed intentions, exhortations and...threats.

Besides inflation and unemployment, however, the balance of payments situation is still tragic.

As the Bank of Greece reports, the deficit in the balance on current accounts (trade plus balance on invisibles) has formed at 2.96 billion dollars, compared to 1.9 billion and 1.7 billion in the eleven-month periods of 1984 and 1983. Thus, it is estimated that the total deficit in the balance on current accounts for all of 1985 will surpass 3.1 billion dollars.

The 2.96 billion dollar deficit was formed as follows: The deficit in the trade balance reached 5.755 billion dollars (9.640 billion in imports and 3.885 billion in exports, versus 8.917 billion and 3.972 billion, correspondingly, in 1984).

The surplus in the balance on invisibles ended up at 2.7 billion dollars, from 3.04 billion in 1984 and 3.224 billion in 1983. The long-standing tendency for a drop in the surplus in the balance on invisibles is justified: first, by the steady decrease in our exchange receipts mainly from shipping and immigrant and labor remittances and, second, by the increase in invisible payments due to the high interests and dividends we pay abroad, based on our loan agreements (1.12 billion dollars in the eleven-month period in 1985, from 964 million and 788 million in the same period of 1984 and 1983).

The 2.9 billion dollar deficit in the balance on current accounts is covered mainly with international (balancing) borrowing--2.635 billion dollars in the eleven-month period--since the intake of venture capital is only 253 million dollars.

What should also be pointed out is that private deposits in exchange noted a significant drop (from 289 million dollars in the eleven-month period in 1984 to 84 million dollars), which reflects the extent of the private citizens' confidence in the Greek economy....

In the eleven-month period, the amount of interest and redemption installments the country paid to our creditors abroad was 1.786 billion dollars, compared to 1.47 billion in 1984 and 1.2 billion in 1983.

More specifically as concerns developments in the public debt because of domestic and foreign borrowing, the Ministry of Finance estimates that while in 1981 the debt was 671.8 billion drachmas, in 1985 it rose to 2.5 trillion drachmas (!) and, of this, 924 billion drachmas are debts abroad.

The Ministry of National Economy estimates that expenses for servicing the public debt are increasing by leaps and bounds since in 1985 they were around 292.4 billion drachmas, versus 82.7 billion in 1981.

More specifically:

(in drachmas)

Year	Public Debt	Servicing Public Debt
1981	671.8 billion	82.78 billion
1982	928.3 "	91.06 "
1983	1.26 trillion	130.17 "
1984	1.88 "	208.17 "
1985	2.55 "	292.45 "

The unfavorable developments both in the indexes and in the economy's magnitudes (for example, private investments), in combination with the incomplete (anti-developmental) and, above all, "counter-stabilizing" bunch of measures taken, make the economy's future gloomy.

Included in the frameworks of this perspective are the prophetic statements of Minister of National Economy Simitis to the PASOK professional craftsmen. According to these: "If the measures fail, the government will take tougher ones, concerning which large capital and the multinationals will have the first word." But what additional measures might the government take?

1. Might it proceed to a new devaluation, when this is a source of intense inflationary pressures?

2. Might it impose new taxes or abolish (nothing else is left) the "crippled" ATA [Automatic Cost of Living Readjustment] when non-competitive Greek industry and craft will have to support itself on local demand in order to survive?

Instead of the government extending the restrictive measures, it is deemed more proper to create the indispensable climate of confidence for investment of private capital (Greek and foreign) in productive activity--confidence which will have to be accompanied by a packet of developmental measures, the only things which really will be, as they say, "in the right direction."

9247
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COUNCIL APPROVES FUNDS FOR SCHOOLS

4000 Billion Lire For Schools

Rome L'UNITA in Italian 23 Nov p 1

[Text] Student protesters gained 4000 billion lire from the government to halt the outrage of double and triple sessions that 13,000 classes have been forced to hold. Yesterday the cabinet decided on this appropriation for the next 3 years. Since 1982 finance laws kept local districts from investing in school buildings. Tuition increases remained for universities (soon to come into effect) as well as for elementary and secondary schools; in the senate the PCI [Italian Communist Party] voted against these increases. There is little change in curriculum (the minister has proposed modifications in mathematics, physics and languages) and in the reformation of junior high schools. With regard to the latter the majority is crushed; the DC [Christian Democrats], PSI [Italian Socialist Party] and PLT [Italian Liberal Party] hold radically different positions.

In the meantime, the government budget is being finalized by the senate budget committee. Changes, although minor, were introduced in certain areas, thanks to the battle waged by the Left. The changes are as follows:

Poverty levels--The family income level at which one may qualify for welfare and social services has not changed. Those within this poverty level who are seriously ill, disabled, or pregnant and in need of costly medical check-ups will be exempt from ticket payments.

The handicapped--An increase in funds was obtained only for the totally disabled.

Family allowances--The measure setting an allowance for a first child remains in effect but the text has been changed.

Health benefits payments--There are changes regarding payments to the self-employed -- a decrease of 120 billion lire from that of the original text.

Buses--There will no longer be a minimum increase of 50 percent.

Tickets--The tax on health benefits has remained. The PCI's proposals were denied.

Labor Unions--The CGIL, ICFTU and UIL have again presented their requests, including those regarding patrimony.

Tuition Increases Remain

Rome L'UNITA in Italian 23 Nov 85 p 3

[Article by Romeo Bassoli: "Funds for Schools; For 3 Years None Could Be Built"]

[Text] The students won their first victory in their battle against the government. Four billion lire will be available for communes and provinces throughout the next 3 years for the construction of schools, thereby eliminating the need for double and triple sessions. This decision was reached by the cabinet yesterday; the government will present an amendment of its finance laws to this effect. It has been 3 years since finance laws approved by all five parties explicitly prohibited local districts from building new schools. The pressure of the students--two Saturdays of protest in the square--forced the government to change its course or action.

Minister Franca Falcucci announced to reporters yesterday at 3 o'clock at Palazzo Chigi the decisions reached by the cabinet after a long meeting (which began yesterday at 11:00 o'clock). The most significant of these is the annual appropriation of 200 billion lire over the next 3 years and an investment of 4,000 billion lire. Local districts will be able to take out loans totalling this amount at the Savings and Loan Bank; loans will be guaranteed by the government up to 100 percent in situations in which new loans cannot otherwise be obtained. To avoid nonspending of funds (common in the South) school districts with schools holding double sessions will not be able to take out other loans unless they have first made use of funds needed for their schools. The regions, in accordance with the superintendent of education, will establish in December of each year, (and for the first time, after 60 days that this law has come into effect) the annual plans for communes in need of these funds. If the region does not agree to the terms, a plan will be made by a government commissary in agreement with the superintendent of education. Deadlines will also be postponed for the furnishing of security devices for schools.

The other decisions made by the cabinet regard school and university tuitions. Increases that the Communists in the Senate voted against have been approved: those who have already enrolled in universities must pay the increase while in elementary and secondary schools increases will come into effect next year. To make things easier for students in work-study programs they may present an affadavit stating that they receive an income from any kind of job; the adjective "dependent" plays a role in this law. Some 200 billion lire collected from the new taxes will go to universities. But that which is given by one hand is taken away by the other: universities must pay for certain expenses (some ministerial expenses will become their responsibility) such as scholarships, research doctorates, contracts with specialists and with foreign language lecturers, etc. A future provision should transfer all ministerial costs incurred by universities to the universities themselves.

A change in local finance laws will allow schools to use part of the new revenues obtained from tuitions for minor repairs (which have up to now been paid for by local districts). Jurisdictional power will be conferred to high schools and teacher-training colleges in accordance with the guidelines of the administrative reformation laws. Another parliamentary bill will bring about a mini-reformation of the department of public education, changing the responsibilities of the general directorship. The minister has also announced the presentation of new programs in mathematics, physics and languages for high schools to the National Council on Public Education.

Only general statements may be made concerning the reformation of junior high schools. On this matter the majority is crushed. This is what compels Aureliana Alberici, representing the PCI in education, to state that the governments' actions reflect an important victory on the part of the student protesters--proof that struggles are rewarded but that they are beset by the limitation of being only a quantitative response. Nothing has been said regarding the changes in curriculum and the reformation of a school thought by everyone to be superior. But Aureliana Alberici insists that these provisions are a contradiction of the Minister's statements that blamed the local districts for the double and triple sessions: "Now the problem is clear: local districts could not spend and had no funds to spend."

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POWER FIRM TO SEEK LICENSE FOR FIFTH NUCLEAR PLANT IN SPRING

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 86 p 30

[Article: "Industrial Power's Magnus von Bonsdorff: 'Application for New Nuclear Power Plant To Be Submitted in Spring'"]

[Text] Teollisuuden Voima [Industrial Power] and Imatra Power intend to submit a joint application to the Trade and Industry Ministry in the spring for the construction of a nuclear power plant. So says Industrial Power's Managing Director Magnus von Bonsdorff.

"The application is ready, but it has not been submitted since the procedures for its processing have not yet been prepared," says von Bonsdorff.

According to von Bonsdorff, the application will be rather general at this stage. Only a desire to build approximately 1000 megawatts of additional nuclear power is presented in it. For example, a site location is not stated in the application.

According to the managing director of TVO [Industrial Power], there are several alternatives. It is possible that two units instead of one large power plant would be constructed, which would mean that one could be built at Industrial Power's Olkiluoto site and the other would be at the Imatra Power's Lovisa site.

It would be economically more advantageous to build one power plant, but the construction schedule would be more flexible with two plants and the difference could be recouped in interest expenditures.

However, von Bonsdorff emphasizes that no agreement has been reached on any details between the nuclear power companies since "there is no desire to push the decision-makers against the wall".

The the accomplishment of this construction project, if permission is obtained, will depend on the arrangement of funding and operational readiness.

Imatra Power Needs Permission

The precise timetable for submitting a nuclear power plant application has not yet been determined, but this will probably happen when the government has accepted an overall energy management package, which is being prepared in the ministry.

Indeed, the issue can be complicated by the fact that Imatra Power needs permission from the Council of State before it can proceed to establish a company by the name of Perusvoima together with TVO. The intent is to submit the nuclear power application in the name of Perusvoima Oy.

It is doubtful that parliament will have completed its debate on the nuclear energy law by then, and the general thinking is that a decision on a new nuclear power unit will have to be made on the basis of the present law.

According to von Bonsdorff, we are already late in the making of a nuclear power decision. The construction of a nuclear power plant will take approximately 7 years.

Municipalities Enthusiastic

According to Industrial Power, Lovisa as well as the municipality of Eurajoki are enthusiastic about having a new nuclear power plant in their area.

Ten other municipalities have indicated that their areas will be available when IVO [Imatra Power] and TVO begin studies on the storage of nuclear waste in Finland's bedrock.

Von Bonsdorff says that exporting waste abroad continues to be an alternative assuming that another country is willing to accept it. One problem is that Australia and Canada, which sell uranium to TVO, will not permit waste to be reexported to the Soviet Union and China, for example.

Real Price Has Dropped

According to its managing director, TVO fulfilled its obligation well last year, the provision of cheap electricity to shareholders.

TVO's task is to deliver electricity to its shareholders at cost price. The price of electricity produced at Olkiluoto last year was 12.2 pennies per kilowatt hour. When taxes and transmission costs are added to it, shareholders paid 16 pennies per kilowatt hour. Last year the price was 15.2 pennies. The real price has become less from year to year according to von Bonsdorff.

The sales turnover last year was 1,435 million markkaa, which represents a 5-percent increase in comparison with the previous year.

Olkiluoto's share of Finland's electricity procurement last year was 20.6 percent while it was 22.5 percent in the previous year.

TVO's debt portfolio began to grow smaller last year already. The goal is to amortize loans in 20 years beginning in 1981. Interest expenditures decreased by 48 million and amounted to 434 million. TVO's interest earnings were approximately 80 million.

The annual maintenance on plant I was conducted in record time, 16 days. The shut-down time in plant II was 29 days, which was 4 days less than the plan.

TVO continues to argue that it is the world's safest nuclear power plant from the point of view of radiation. The amount of radiation was less than one-tenth of the average in the world according to the company.

Last year Enso-Gutzeit sold 5.4 percent of its shares of TVO to Imatra Power. Oulu Company sold 0.7 percent of its shares to Mankala Oy, which is a power company owned by the City of Helsinki.

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DIRECTOR ON NATURAL GAS CONTRACTS, PRICES

The Hague SHELL VENSTER in Dutch Oct 85 pp 3-4

[Report on interview with General Manager of Dutch Gas Union drs A.H.P. Grotens by Frank Schweppe: "Dutch Natural Gas in Demand in the Market"]

> [Text] "The Dutch natural gas is dependable. In 22 years we have had no stagnation in the supply. Moreover the Groningen field is very flexible; in other words: high production in the winter and low in the summer. Therefore our natural gas is the gas most in demand in Europe, and that gave us a good negotiating position."

Drs A.H.P. Grotens, general manager of the Dutch Gas Union, Inc., is a fluent speaker. One and a half years ago, in May 1984, he was appointed to his current function, which can be compared to that of managing director. He was immediately confronted with the negotiation of natural gas export contracts with various European countries. Those contracts have meanwhile been extended to the first decade of the coming century.

"Momentarily I was really thrown in over my head. I came from DSM [Dutch State Mines] and knew a lot about oil and chemistry, but little about gas--I was only sorry that the Dutch gas doesn't contain ethane because the chemical industry can use that as a raw material. . . Fortunately many experienced people work in the Gas Union. Thanks to those negotiations I have got to know them very rapidly. Anyway, it is rather strange to be selling gas which will only be supplied when I am enjoying my retirement."

[Question] The recent negotiations comprise more than just an adjustment of the natural gas price. The latter is negotiated every 3 years; the term of the export contracts is much longer, but the price is never fixed for the total duration of the contract. In principle it follows the price of fuel oil and home heating oil, although with some delay.

[Grotens] "The price is and continues to be based on the price of the alternatives. In the new contracts both the fuel oil price and the price of home heating oil are used as references; we were fortunate with that, because the fuel oil price was rather high at the time. That was good timing . . . Natural gas is sold on a commercial basis for a good price, adjusted to the market. Besides the quality of the gas and the dependability of its supply, flexibility is an added element for the Dutch gas; that also must be paid for. For that matter, in the new contracts we have actually limited that flexibility a little by also setting limits on the quantities of gas to be supplied. With that we have reasonably well established one half of the comparison. In principle, the price can be a basis for negotiation every 3 years if the market situation has changed. Further, this price is indexed, and on that basis a periodical adjustment can take place in the interim."

[Question] Then we get to a sore subject: the price of natural gas for the Dutch citizen. We are living on top of a big natural gas bubble, and many people think that we pay too much for that gas.

[Grotens] "I know at least one person who thinks differently. I have a friend who blames me personally that the natural gas price is too low. That man says to me: 'You always proclaimed that gas would remain just as expensive as home heating oil, and therefore I never converted!" He is still burning oil, whereas he could have had gas, and now he is paying more since natural gas is cheaper in the Netherlands than the alternative: home heating oil. In that respect we fare better in the Netherlands at this moment than do other countries. Take the Federal Republic of Germany, for example; there home heating oil is even cheaper than natural gas. In Belgium and France also. Not in the United Kingdom--which certainly proves that the possession of natural gas is obviously of some importance."

[Question] Isn't the Gas Union the executor of the government policy?

[Grotens] "The Gas Union must sell the Dutch natural gas at as high a price as possible on the basis of internationally competitive prices. If we charge a lower price, we would curb the development of new gas finds and also shortchange the stockholders, especially the Dutch State, since the largest part of the yield ends up in the treasury. Also, we cannot differ too much in the price the Netherlander must pay for his gas and the price we charge foreign buyers, except for demonstrable differences in services, for example. After all, we are a member of the EC, the European Community, and rules are in effect there with respect to competition. As soon as you want to deduct three cents from the natural gas price for truck gardeners here, their foreign colleagues are hopping mad and shout unfair competition."

"The Gas Union pursues no income policy whatsoever for the government. That would make matters much too obscure. We are primarily a commercial company which works within the limits set by the government. Of course there are people who have trouble paying their gas bill, but when you buy a loaf of bread at Albert Heijn's they don't ask what you earn either, do they? Anyhow, at one time I calculated what the result would be for the Dutch citizen if the Netherlands didn't have any natural gas income on the order of 20 billion guilders per year. Per person that would cost an additional 1500 guilders per year, thus that would come to 6000 guilders per year for an average family of husband, wife and 2 children. Such a tax increase wouldn't make anyone happy either. Unfortunately that is not often explained."

"Of course the government gets involved in the energy prices; that happens everywhere in the world. The energy policy happens to be extremely important. When the Gas Union was founded, it was already determined that we should sell gas at as favorable a price as possible, adjusted to the alternative fuels, and that the result should furnish as great an advantage as possible for the Dutch economy. In principle nothing has changed.

"Since the foundation of the Gas Union, a clear possibility for control has been established by the State. For example, we must have ministerial approval for our export contracts and the price level. But the oil companies in the Netherlands also have been tied for many years to a price control policy for gasoline and other engine fuels, haven't they? Does that make companies such as Shell and Esso "executors of the government policy?' Surely no one believes that.

"Within the limits stipulated by the government, we have considerable policy leeway as a trade enterprise. And I think that a good commercial policy has been pursued: at one time we started with gas prices which indeed were higher than those of home heating oil--due to the greater ease and comfort of gas, and the large investments in transport, amongst others. Afterward the gas price rose less than the price of home heating oil, so that natural gas now is less expensive. Except for a few areas which are difficult to reach, no one burns home heating oil any longer. Natural gas continues to be the cheapest source of energy for the small consumer, and it will continue to be that for a while. However, complaining doesn't cost anything."

[Question] How does the difference in price, charged to the large and small consumer, originate?

"Large users, thus primarily industries, in the first place use approximately the same quantity all year long. Compared to the quantity of gas supplied, they can be reached at a relative low cost: the transport costs are lower because a large quantity is bought via just one pipe. All the separate connections for the small users cost more, of course, when you calculate per cubic meter of sales. I already mentioned that the flexibility of the Groningen field must also be paid for, and the small consumer makes use precisely of that flexibility. In the summer a household uses relatively little, and in the winter much more. That means that we must close the valve way down in the summer. Moreover, the price for the small user is based on a different alternative fuel: home heating oil, which is more expensive than the heavy fuel normally used as an alternative in industry. Thus the difference in those prices is easily understandable."

[Question] Would a change in the natural gas price influence the conservation attitude and the use of alternative fuels?

[Grotens] "Naturally. But there is no linear relationship between the rise of the natural gas price and an increasing energy saving. If one were to sell the gas for just a few cents, everyone would burn it indiscriminately, yes, I think so. If one were to make it more expensive than home heating oil, then you're taking the risk that people will convert to oil again when they need a new furnace. In the Federal Republic of Germany a fierce struggle can still be observed between gas companies and oil suppliers; gas is more expensive there. It is a fantastic fuel, but difficult to transport. Oil is a good fuel which can easily be transported to isolated areas.

"Using gas to generate electricity is something which seems unwise to me in the long run. Natural gas is much too valuable to burn with a yield of 40 percent in generating current. When you look at what it yields as a fuel for electricity plants (on the basis of the kilowatt hour price), it is much less than what it yields 'at the border.' Thus from a national-economic viewpoint it is much better to produce electricity from other fuels and to utilize gas on the export market.

"We must not forget that all of us together in the Netherlands have become reasonably prosperous thanks to the commercial sale and export of our natural gas. And then I say: let's keep it that way!"

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GOVERNMENT VOWS TO MAINTAIN OIL OUTPUT

Oslo AFTENPOSTEN in Norwegian 29 Jan 86 p 33

[Article by Morten Woldsdal: "Norway Will Not Reduce Oil Production"; first paragraph is AFTENPOSTEN introduction]

[Text] Norwegian oil production will not be reduced to help OPEC prevent a further decline in oil prices. AFTENPOSTEN has learned that the government will not surrender to demands for that from OPEC and from the Labor, Socialist Left and Liberal Parties, even if the prices fall to $15 per barrel.

Officially it is the very high level of investment on the Norwegian continental shelf which is the authorities' main basis for not reducing production. In order to cover these enormous investments full production must continue. Norwegian interference in production would also be seen as a strongly negative signal, especially by the foreign oil companies. When the companies invest in the Norwegian shelf they should always feel secure that in such a situation the fields can maintain maximum production so that their income will be as high as possible.

Norwegian authorities also expect that low oil prices in several years will help make petroleum products more competitive in relation to other sources of energy. In that case it will increase the demand for oil and create a basis for higher prices again. Today Norway has proven oil reserves for many decades in the future, and it is therefore advantageous to the Norwegian authorities to create a foundation for the highest possible demand for oil in the future--even if in the short term this should mean reduced oil income.

Norway's membership in the International Energy Bureau (IEA) creates obvious problems for eventual formal Norwegian cooperation with OPEC as an organization. IEA and OPEC are traditional "archenemies," even if the relations between them have become more "friendly" in recent years. IEA protects the interests of the consumer countries, while OPEC strives to get the highest possible income for the producing countries.

The question of an approach to OPEC was discussed at the IEA ministers meeting in Paris last summer. The United States was very strongly against any form of cooperations between the two organizations. Norway also expressed clear skepticism toward implementing any formal cooperation. But Norway emphasized that there should be bilateral conversations with individual OPEC countries. Minister of Oil and Energy Kare Kristiansen's visit to the Middle East last year was clearly in line with this view.

Lower oil prices will have a clearly favorable effect on the economies of the western industrial countries, and also in the poorest developing countries. Oil prices near $15 per barrel will create new growth and lower inflation in the West. Unemployment will decline as a result. Especially in the United States, low oil prices will have very positive effects--both for consumers and for the total American economy. Norway's close relations with the United States--through NATO cooperation, among other things--makes it difficult for the Norwegian Government to cooperate actively with OPEC about the highest possible oil prices.

Central Judgments

AFTENPOSTEN has learned that although Norwegian authorities are cautious about admitting that there are foreign policy aspects to the oil price question, these play a central role in their judgments of the situation. The government does not want to expose itself to the wrath of the other IEA countries by formally cooperating with OPEC to get oil prices up again--and thereby preventing economic growth in the West from becoming as high as it could have been with lower prices. IEA would consider that disloyal of Norway.

According to what AFTENPOSTEN has learned, the government will in the future be cautious about making decisions which needlessly provoke the OPEC countries, which would turn the spotlight on Norway. The decision not to allow Statoil to speed up the development of Gullfaks-C must be seen as an aspect of this policy, although consideration of the investment level was the main argument against the Statoil plan.

Production Records

Last year there were almost weekly reports of production records at the Statfjord field--although the situation on the oil market was very difficult. The Statfjord-C platform was likewise put into operation at a psychologically difficult time. Now Statfjord produces 730,000-750,000 barrels per day, which the oil companies believe is appropriate considering the reservoir conditions of the field. Therefore there will probably not be so many new production records this year.

Norwegian authorities hope--while assuming a somewhat less provocative attitude toward OPEC--that the organization will gradually realize that in spite of everything Norwegian oil production is very little in the big picture, and that it is not very important what Norway does here. For example, Saudi Arabia has increased its daily production by over two times the total Norwegian production. In today's market situation therefore, the authorities believe that a Norwegian reduction of production would not be significant.

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